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CANADA

DOCUMENTS RELATIFS AUX RELATIONS EXTÉRIEURES DU CANADA

DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

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Hector Mackenzie

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INTRODUCTION

INTRODUCTION

En 1949, l'événement crucial de la vie politique canadienne est l'élection fédérale du 27 juin. Louis St-Laurent, qui dirige le Parti libéral déjà au pouvoir, en est à sa deuxième élection générale, comme candidat, et à sa première, en tant que chef de parti et premier ministre. Avant de se lancer en campagne, St-Laurent a affûté son sens politique par une tournée dans l'Ouest du pays, au cours de laquelle il a reçu le surnom d'Oncle Louis. Son principal adversaire, George Drew, un ex-premier ministre de l'Ontario, avait facilement remporté la chefferie du Parti conservateur fédéral, en octobre 1948. Mais, sa première incursion au niveau fédéral, durant laquelle il mélange une rhétorique criarde à une stratégie inepte, se transforme en déroute. Les libéraux de St-Laurent, qui récoltent un peu moins que la moitié des votes, remportent près de soixante quinze pour cent des sièges de la Chambre des communes : c'est un triomphe presque aussi imposant que celui de William Lyon Mackenzie King, en 1940.

En général, les affaires extérieures ne sont pas controversées avant, durant et après l'élection de 1949. Le développement le plus significatif de l'après-guerre, affectant les politiques étrangère et de la défense, est la participation canadienne au Traité de l'Atlantique Nord, qui est acceptée presque unanimement par les communes lors du sprint des affaires parlementaires qui précède le scrutin. À la réunion des premiers ministres des pays du Commonwealth qui se tient à Londres, en avril 1949, et où l'on discute des liens futurs entre l'Inde et le reste du Commonwealth, St-Laurent se fait représenter par le secrétaire d'État aux affaires extérieures, Lester B. Pearson. Celui-ci a prévu une période d'absence minimale du Canada, suivant en cela les avis prodigués par ses conseillers et ses associés politiques. Au début juin, St-Laurent déclare que son gouvernement n'a aucune « affaire en suspens à discuter lors de cette élection ». Il devient rapidement évident que les Canadiens appuient l'assurance donnée par St-Laurent qu'un nouveau gouvernement qu'il conduirait « continuerait à travailler pour la paix et la sécurité, pour une pleine reconnaissance de l'identité du Canada et pour le développement de tous les aspects de la vie du pays ». Les plaintes de Drew, à l'effet que le Canada a tourné le dos au marché britannique en faveur du commerce nord-américain, ne font que mettre en lumière le fait qu'il n'a aucune alternative à offrir.¹ Évidemment, certaines décisions de politique extérieure sont repoussées au-delà du 27 juin 1949 parce que les politiciens font campagne et non par crainte, de la part des fonctionnaires, de voir leurs recommandations être contestées. Le résultat électoral confirme en fait l'alliance vitale qui existe entre St-Laurent et Pearson, depuis septembre 1946, lorsque le premier était devenu secrétaire d'État aux Affaires extérieures et le second, son sous-secrétaire d'État.

Le rapport personnel entre les deux hommes, qui, par ailleurs, a facilité l'arrivée de Pearson en politique, en septembre 1948, est renforcé par une communion d'esprit en ce qui touche les affaires extérieures. Cela permet à Pearson d'avoir une grande latitude, dont il s'assure de ne pas abuser par présomption, insensibilité ou indifférence pour ses collègues. Un autre avantage de Pearson est la connaissance qu'il possède de son ministère, où il a servi durant plus de deux décennies, dont

¹J. Murray Beck, *Pendulum of Power : Canada's Federal Elections* (Scarborough, 1968), p. 259-75.

INTRODUCTION

In 1949, the crucial event in Canada's national politics was the election which took place on June 27th. After a pre-election swing through Western Canada, in which he honed his political skills and acquired the nickname "Uncle Louis," Louis St. Laurent led the incumbent Liberal Party in what was only his second general election as a candidate and his first campaign as party leader and Prime Minister. His principal adversary was George Drew, the former Premier of Ontario, who had decisively won the leadership of the Progressive Conservative Party in October 1948, but whose initial national electoral foray was a disastrous blend of shrill rhetoric and inept strategy. The result was a rout. The Liberals under St. Laurent won nearly half the popular vote and close to three-quarters of the seats in the House of Commons, a remarkable triumph which fell just short of William Lyon Mackenzie King's great victory of 1940.

For the most part, Canada's external relations were noncontroversial—before, during and after the 1949 election. The most significant post-war development to that point in Canada's foreign and defence policy, its participation in the North Atlantic Treaty, was confirmed almost unanimously by the House of Commons in a pre-dissolution rush of parliamentary business. St. Laurent decided not to attend the meeting of Prime Ministers in London in April 1949 which considered India's relationship with the rest of the Commonwealth. The Secretary of State for External Affairs, Lester Pearson, who represented Canada at that gathering, kept his overseas itinerary to a minimum on the firm advice of his political associates and advisers. In early June, St. Laurent declared that there were "no outstanding issues in this election" and it soon became apparent that Canadians welcomed his assurance that a government which he led would "continue to work for peace and security, for complete recognition of Canadian nationhood and the development of all aspects of our national life." Drew's complaint that Canada had turned its back on the British market in favour of continental trade simply begged the question of what alternative course of action Drew could propose.¹ Certainly some decisions concerning Canada's policy in international relations were deferred until after the election, but this often had more to do with the inattention of politicians out on the hustings than with fear of officials that recommendations would be disputed or contradicted. In effect, the electoral outcome confirmed the partnership between St. Laurent and Pearson which had been so vital to the direction of Canada's external affairs since they were first associated as minister and deputy in September 1946.

That personal association and rapport, which had facilitated Pearson's entry into politics in September 1948, was reinforced by a broad understanding and agreement on foreign policy questions. That gave Pearson an unusual degree of latitude as Secretary of State, which he was careful not to abuse by presumption, indifference or insensitivity. A further advantage for Pearson as minister was his familiarity with the Department of External Affairs. Pearson had been a member of the foreign service for two decades and Under-Secretary of State for External Affairs for two years. His mastery of his portfolio was unquestioned and unsurprising. This knowledge and experience was vital to the conduct of Canada's international relations and to the leadership of the Department.

¹J. Murray Beck, *Pendulum of Power: Canada's Federal Elections* (Scarborough, 1968), pp. 259-75.

deux ans à titre de sous-secrétaire d'État. Le contrôle qu'il exerce de son portefeuille n'est pas surprenant ou remis en question, tout en étant central à la conduite des affaires extérieures du pays et à la direction du ministère.

À la mi-mars 1949, Arnold Heeney succède finalement à Pearson, au poste de sous-secrétaire d'État aux Affaires extérieures. Heeney, qui avait été le premier secrétaire du Cabinet et greffier du Conseil privé, connaît parfaitement la vie politique d'Ottawa mais est moins bien versé dans les affaires internationales. Il doit fournir les talents administratifs que son ministre n'a pas, ce qui libère ce dernier «de poursuivre les buts politiques qu'il avait longtemps recherchés».² Son arrivée conduit à d'autres changements. Norman Robertson revient à Ottawa remplacer Heeney auprès du Cabinet et Dana Wilgress devient haut-commissaire à Londres. Les autres grandes ambassades ne sont pas touchées : Hume Wrong reste ambassadeur à Washington, Georges Vanier, à Paris, et A.G.L. McNaughton, délégué permanent auprès des Nations Unies. Escott Reid, qui avait remplacé Pearson, par intérim, comme sous-secrétaire d'État, accepte le nouveau poste de sous-secrétaire d'État adjoint, ce qui assure que le flot déjà existant d'idées et de notes sera maintenu, au moins jusqu'au niveau de Heeney.³

Cette continuité, dans les plus hauts échelons, est parallèle à celle de tendances et de circonstances qui sont là depuis plusieurs années. Ainsi, les pressions se poursuivent pour que le Canada accroisse son nombre de missions ou sa présence dans des conférences. Le Pakistan et le Ceylan sont les «deux seuls pays du Commonwealth où le Canada n'est pas représenté». Dans le cas du Pakistan, un haut-commissaire y est désigné avant la fin de 1949 et son bureau est ouvert un mois plus tard. Quant à Ceylan, la question restera ouverte jusqu'après la conférence de Colombo, au début de 1950 (documents 6 à 8). Les pays de l'Amérique latine sont prêts à échanger des ambassadeurs, mais la réponse du Canada et sa préoccupation au sujet de la légitimité des gouvernements de cette région, plutôt qu'avec les grandes questions touchant l'hémisphère, font montre d'une négligence relative face à cette Amérique (document 10 et chapitre 14).

²Geoffrey A.H. Pearson, *Seize the Day : Lester B. Pearson and Crisis Diplomacy* (Ottawa, 1993), p. 10. John English, dans *The Worldly Years : The Life of Lester Pearson, II : 1949-1972* (Toronto, 1992), écrit que les «capacités administratives de Pearson n'étaient guère admirées» (p. 9). Dans ses mémoires, *The Things That Are Caesar's* (Toronto, 1972), Heeney remarque (p. 98) que «Pearson avait peu de temps, et peu de goût, pour les problèmes administratifs. Ses talents allaient dans le sens du développement et de la négociation d'avenues de solutions en vue d'actions au niveau politique. On a souvent dit et écrit, à son sujet, qu'il n'aimait pas diriger un ministère et que, par conséquent, il y arrivait mal, laissant à ses adjoints, ultimement à son sous-ministre, les décisions difficiles liées à la gestion du personnel et l'administration au jour le jour». Avec des talents et intérêts différents, note J.L. Granatstein, Pearson et Heeney se complétaient très bien. Voir : *A Man of Influence : Norman A. Robertson and Canadian Statecraft 1929-1968* (Toronto, 1981), p. 241.

³Pearson, *Seize the Day*, chapitre 1^{er}. *Rapport du ministère des Affaires extérieures du Canada, 1949* (Ottawa, 1950) p. 8 et 13. Concernant les développements administratifs, lire aussi l'histoire officielle par John Hilliker et Donald Barry, *Le ministère des affaires extérieures du Canada, II : L'essor, 1946-1968* (Québec, 1995), chapitre 2.

In mid-March, Arnold Heenev finally succeeded Pearson as Under-Secretary. Heenev had been the first Clerk of the Privy Council and Secretary to the Cabinet, and so was well versed in Ottawa politics, if less experienced in international affairs. As deputy minister, Heenev provided the administrative aptitude which the minister lacked. Pearson was "thus liberated to pursue the goals of policy he had long sought."² Heenev's appointment necessitated other changes, with Norman Robertson returning to Ottawa to assume Heenev's former duties, while Dana Wilgress took over as High Commissioner in London. The other principal diplomatic positions remained unchanged, with Hume Wrong continuing as Ambassador in Washington, Georges Vanier as Ambassador in Paris and A.G.L. McNaughton as Canada's Permanent Delegate to the United Nations. Escott Reid, who had served as Acting Under-Secretary of State for External Affairs since Pearson's reincarnation as a politician, assumed a new position as Deputy Under-Secretary, which ensured that the flood of ideas and memoranda would not abate, though it might be diverted by Heenev.³

This continuity in the senior ranks of decision-making was matched by the perpetuation of other trends or circumstances which had been evident in previous years. There was still considerable pressure for increased representation of Canada abroad at conferences and in permanent missions. Pakistan and Ceylon had been "the only member nations of the Commonwealth in which Canada is not represented," but by year's end a High Commissioner to Pakistan had been appointed and the office opened one month later. What to do about Ceylon, however, was left unresolved until after the Colombo Conference in early 1950 (Documents 6 to 8). Latin American countries appealed for the exchange of Ambassadors, but the Canadian response, as well as a preoccupation with the legitimacy of governments there rather than with hemispheric issues, indicated Canada's relative neglect of that region (Document 10 and Chapter 14).

Undeniably, the rehabilitation of recently vanquished foes and other aspects of the aftermath of the Second World War, as well as the problems and interests of the North Atlantic community, were assigned a higher priority in Ottawa, one which was reflected in the attention of policy-makers as well as decisions about diplomatic assignments. The Department of External Affairs was able to argue that the

²Geoffrey A.H. Pearson, *Seize the Day: Lester B. Pearson and Crisis Diplomacy* (Ottawa, 1993), p. 10. John English, in *The Worldly Years: The Life of Lester Pearson, II: 1949-1972* (Toronto, 1992), comments that Pearson's "own administrative skills were not much admired" (p. 9). In his memoirs *The Things That Are Caesar's* (Toronto, 1972), Heenev observed that "Pearson had little time, indeed little taste, for administrative problems. His flair was for developing and negotiating avenues of solution, for action at the policy level. It has often been said and written of him that he disliked the business of running a department and that, in consequence, he was no good at it, and that he left to his officials, ultimately his deputy minister, the unpleasant decisions of personnel management and housekeeping" (p. 98). With their distinct talents and interests, as J.L. Granatstein has noted, Pearson and Heenev complemented one another well. See *A Man of Influence: Norman A. Robertson and Canadian Statecraft, 1929-1968* (Toronto, 1981), p. 241.

³Pearson, *Seize the Day*, chapter 1; *Report of the Department of External Affairs, Canada, 1949* (Ottawa, 1950), pp. 8, 11-12. On administrative developments, see also the official history by John Hilliker and Donald Barry, *Canada's Department of External Affairs, II: Coming of Age, 1946-1968* (Montreal and Kingston, 1995), chapter 2.

Les preneurs de décision accordent une plus haute priorité, qui se reflète d'ailleurs dans les affectations des diplomates chevronnés, à la réhabilitation des ennemis récemment vaincus et à d'autres aspects reliés à la fin de la Deuxième Guerre mondiale ainsi qu'aux problèmes et aux intérêts de la communauté nord-atlantique. Le ministère peut arguer que la présence du Canada à des conférences internationales et son implication dans l'Alliance atlantique Nord justifient une augmentation de son personnel, mais le Conseil du Trésor met en question cette expansion «encore plus au moment où l'on s'efforce de réduire les effectifs de la fonction publique» (document 4). En plus de trois bureaux d'immigration ouverts en Europe, les seuls autres postes créés en 1949 sont une mission, à Bonn, et un consulat général, à Milan. Le rapport annuel observe tristement que «l'année qui vient de s'écouler a marqué la fin d'une période de rapide extension de la représentation à l'étranger».⁴ Dans certains secteurs, comme au Conseil des ministres des Affaires étrangères, le Canada dépend largement de ses principaux alliés pour ses informations. Georges Vanier fait remarquer (document 30) que celles-ci lui parviennent souvent plus facilement du Royaume-Uni et de la France que des États-Unis.

La question de l'information, particulièrement de la dépendance du Canada vis-à-vis de celle fournie par des pays amis pour suppléer ses pauvres sources, surgit de façon cruciale lorsque son tour vient de siéger au Conseil de Sécurité des Nations Unies. Les documents publiés dans ce volume abordant des sujets ayant été soulevés aux Nations Unies indiquent à peine l'importance et l'attention que leur ont accordés les ministres et diplomates canadiens. Cette documentation démontre cependant le vaste éventail de points traités par l'O.N.U. et au sujet desquels le Canada doit définir et articuler une position. Dans certains cas, sur la Palestine et le Cachemire par exemple, le fait que le Canada appartienne au Commonwealth complique sa réponse qui, avec celles d'autres membres, devrait solutionner l'insoluble tout en évitant un conflit entre pays avec lesquels nous voulons promouvoir de bonnes relations.

Le fait que le Canada, durant la Guerre froide, ait choisi de participer à l'Alliance atlantique, s'alignant ainsi carrément avec l'Ouest, détermine et tempère ses réactions aux événements. Ce facteur est spécialement important à la compréhension des efforts canadiens pour aider son allié néerlandais, qui se trouve dans une position impossible en Indonésie, sans en arriver, toutefois, à s'aliéner l'opinion asiatique, en particulier celle du gouvernement de l'Inde (documents 110, 150 et 151). Ce dilemme ainsi que la nécessité, pour le Canada, de développer une politique par rapport à un secteur de l'Asie peu familier, justifient l'importante documentation de ce volume sur cette question. De fait, le Canada aborde la plupart des problèmes traités au Conseil de sécurité à travers le prisme de la Guerre froide. Cette perspective pèse aussi fortement sur l'appui qu'il offre à la candidature de l'Inde pour qu'elle le remplace dans le «siège du Commonwealth» des membres non-permanents du Conseil de sécurité, que le Canada quittera à la fin de 1949,

⁴Rapport du...1949 (Ottawa 1950), p. 84. *Commission royale d'enquête sur la situation dans le service extérieur* (Ottawa, 1981), p. 110. Malgré cela, le nombre de cadres augmente de 10% alors que le ministère croît, au total, de 4%. L'entrée de Terre-Neuve dans la Confédération a eu pour conséquence d'éliminer la mission diplomatique canadienne à St. John's.

demands of international conferences, as well as the implications of Canada's involvement in the North Atlantic Treaty, justified additional personnel, but Treasury Board displayed a greater disposition to challenge and query that expansion, "particularly at a time when efforts were being made to reduce the size of the Civil Service" (Document 4). With the exception of three immigration offices in Europe, the only new posts opened in 1949 were a Mission in Bonn and a Consulate General in Milan. As the Annual Report ruefully observed, "the past year has marked the close of a period of rapid expansion of Canadian representation abroad."⁴ In some contexts, such as the Council of Foreign Ministers, Canada remained highly dependent on its senior allies for information. As Georges Vanier observed (Document 30), that was often more readily available from Britain and France than from the United States.

That question of information, and particularly the dependence of Canada on sympathetic countries to supplement its own limited sources, arose most acutely during Canada's term on the Security Council of the United Nations. The documentation printed in this volume on questions which arose at the United Nations merely suggests the importance assigned and the attention devoted to these subjects by Canadian diplomats and ministers. However, it does convey the remarkable range of disputes which came before the international organization and upon which Canada was expected to define and articulate a position. In some instances, such as Palestine and Kashmir, Canada's membership in the Commonwealth complicated its response as it endeavoured, with others, to seek solutions to seemingly intractable problems and to avoid open conflicts between countries with whom Canada was anxious to promote good relations.

More commonly, Canada's alignment in the Cold War, formalized by its participation in the North Atlantic Treaty Organization, determined or tempered its reaction to events. That factor is especially important to understanding Canada's efforts to help an ally, the Netherlands, to extricate itself from an impossible position in Indonesia, without alienating opinion in Asia, particularly the government of India (Documents 110, 150 and 151). That dilemma, as well as the need to develop Canadian policy in an unfamiliar part of Asia, accounts for the extensive documentation on this question in this volume. In fact, Canada viewed most issues which came before the Security Council through the prism of the Cold War. That perspective strongly influenced its support for India's candidacy for the "Commonwealth seat" as a non-permanent member of the Security Council, which Canada would vacate at the end of the year, as well as its preference for Yugoslavia over Czechoslovakia as the representative of Eastern Europe (Documents 53 to 55). This emphasis should not be surprising, as the biases of the Cold War permeated Canada's international relations.

Though the division of the world along ideological and strategic lines certainly limited Canada's options in external affairs, Canada's unambiguous position in the

⁴*Report, 1949*, p. 77; *Royal Commission on Conditions of Foreign Service* (Ottawa, 1981), pp. 100-101. Even so, the number of officers grew by over 10%, while the overall size of the Department grew by under 4%. One consequence of Newfoundland's entry into Confederation was that it eliminated the need for diplomatic representation in St. John's.

ainsi que sa préférence pour la Yougoslavie, plutôt que la Tchécoslovaquie, pour y représenter l'Europe de l'Est (document 53 à 55). Comme les biais de la Guerre froide filtrent toutes les relations internationales du Canada, l'emphase mise par ce volume sur les retombées reliées à cette approche ne surprendra pas.

La polarisation idéologique limite les options du Canada en affaires étrangères, mais le choix sans ambiguïté qu'il a fait, dans ce monde bipolaire, est sans aucun doute le facteur le plus important derrière le consensus de sa population en ce qui concerne les affaires étrangères et la défense, au début de la Guerre froide. Contrairement aux années 1930, les questions internationales tendent à unir plutôt qu'à diviser les Canadiens. Ce degré exceptionnel d'appui public, donné à cette partie de l'action gouvernementale, permet des initiatives et des engagements qui auraient été impossibles, sur le plan politique, avant la Deuxième Guerre mondiale.

Le rôle du Canada dans la négociation et la mise en marche de l'Alliance atlantique en est la meilleure illustration. Dix ans plus tôt, la participation du Canada dans une alliance militaire formelle en temps de paix était impensable. Un gouvernement canadien qui aurait alors suggéré un éloignement si radical de cette position traditionnelle en aurait subi des conséquences désastreuses. Même au moment où les négociations sont très avancées, il y a, à Ottawa, une certaine répugnance à se concentrer sur la sécurité collective et de la nervosité à propos des réactions de la population. Ces considérations, pas toujours comprises ou acceptées par le principal négociateur canadien, Wrong, ou ses vis-à-vis à Washington, sont des facteurs dans la volonté canadienne de faire inclure l'article II, qui parle de «collaboration économique». Cela dit, l'engagement formel qu'implique la signature du traité le 4 avril 1949 est clair et l'appui du public sans équivoque.

Sous cet éclairage, le refus du Canada de participer au pont aérien de Berlin est remarquable. Lorsque Reid suggère de reconsidérer cette décision, à la mi-mars, Heeley écarte ce conseil prétextant que le gouvernement «ne désirerait pas discuter ce point à ce moment-ci» (document 428). Or, lors de la prochaine réunion du Cabinet, le ministre de la Défense nationale, Brooke Claxton, soulève justement le sujet (document 430). Appuyée par St-Laurent et Pearson, une révision est entreprise une semaine plus tard : mais, le blocus de Berlin se termine avant qu'elle ne soit complétée. Curieusement, Maurice Pope, notre principal représentant à Berlin, n'est pas du tout impressionné par l'impact de ce début de percée (document 441).

Entre temps, les hauts fonctionnaires responsables de l'immigration, à Ottawa, considèrent qu'une des façons de réhabiliter l'Allemagne de l'Ouest serait «d'abaisser graduellement les barrières qui empêchent les Allemands d'entrer au Canada» (document 739). De manière plus générale, le ministère des Affaires extérieures revoit, fin juillet, «la politique concernant l'Allemagne de l'Ouest» (document 1007). Une autre étude, en décembre, souligne que le «gouvernement [canadien] a appuyé les efforts entrepris pour amener la République fédérale [d'Allemagne] dans la communauté démocratique et a encouragé les initiatives qui feraient avancer nos intérêts commerciaux en Allemagne». Cela conduit aussi à distinguer clairement la politique canadienne de celle des puissances occidentales

bi-polar world was undoubtedly the most important factor in the exceptional domestic consensus on foreign and defence policy which characterized the early years of the Cold War. In marked contrast to the pre-war situation, international questions tended to unite rather than divide Canadians. That exceptional degree of public support for the broad outlines of government policy enabled policy-makers to take initiatives and to make commitments which would have been politically impossible before the Second World War.

Perhaps no single involvement illustrates that point more vividly than Canada's role in the negotiation and implementation of the North Atlantic Treaty. A mere decade earlier, participation by Canada in a formal military alliance in peacetime would have been unthinkable, whatever the rationale. For the government which proposed such a radical departure from Canada's traditional stance, the political consequences then would have been disastrous. Even when the post-war negotiations were well advanced, there was some reluctance in Ottawa to focus too narrowly on collective security and some lingering nervousness about public attitudes. Those considerations, not always fully understood or accepted by Canada's principal negotiator, Wrong, or his counterparts in Washington, were factors in Ottawa's determination to secure Article II, which dealt with "economic collaboration." But the fundamental commitment implied by the signature of the treaty on April 4, 1949, was unmistakable and the public support for it unequivocal.

Seen in that light, the failure of Canada to assist in the Berlin airlift is especially remarkable. When Reid suggested reconsideration of this policy in mid-March, Heeney rejected the proposal with the lofty advice that the government "would not wish to raise this question now" (Document 428). But when the Cabinet next met, the Minister of National Defence, Brooke Claxton, raised precisely the prospect that Heeney had discounted (Document 430). With support from St. Laurent and Pearson, a review was initiated one week later. Before it was completed, however, the blockade was lifted. Curiously, one diplomat who was unimpressed by the practical impact of that breakthrough was Canada's senior representative in Berlin, Maurice Pope (Document 441).

Meanwhile, senior officials responsible for immigration in Ottawa were considering "a gradual pulling down of the barriers which keep Germans out" as part of the rehabilitation of Western Germany (Document 739). More generally, the Department of External Affairs reassessed Canada's "policy regarding the West German State" in late July (Document 1007). As another study commented in December, "the [Canadian] Government has supported efforts to bring the Federal Republic [of Germany] into the democratic community and has encouraged relations which would further our commercial interests in Germany." That also prompted a precise distinction between Canadian policy and that of the western occupying powers on the connection between "termination of the state of war" and "conclusion of a peace" (Enclosure to Document 1008).

Such subtle shadings and fine points of drafting were also vital aspects of the most important Commonwealth question in 1949, whether India should be allowed to remain in that organization after it adopted a republican constitution. As Canada's representative at the meeting of Commonwealth leaders in April, Pearson

d'occupation quant au lien à faire entre «la fin de l'état de guerre» et la «conclusion d'une paix» (appendice au document 1008).

Ce type de mise au point et de subtilités est aussi au centre de la question la plus importante traitée au sein du Commonwealth, en 1949, à savoir si l'Inde peut rester membre de cette organisation après avoir adopté une constitution républicaine. Pearson, représentant du Canada à la réunion des chefs des pays du Commonwealth, en avril, favorise des accommodements, en faveur de l'Inde, et participe à la redéfinition de ce qu'est le Commonwealth de façon à y garder ce pays. Les aspects constitutionnels du problème sont sérieusement étudiés à Ottawa comme à Londres, mais tous les responsables sont également inquiets des implications politiques et stratégiques que leur décision aura sur le Commonwealth et l'Alliance atlantique (documents 772 à 821). L'évaluation faite à Ottawa de l'importance de l'Inde, comme marche asiatique et créatrice d'un réseau de sympathie dans cette région du monde, contribue à envisager certaines concessions à l'immigration indienne (documents 754 et 755) ainsi qu'à accorder de l'importance à la visite, à Ottawa, du premier ministre Jawaharlal Nehru (documents 858 à 865). La République d'Irlande n'a pas vu son lien avec le Commonwealth traité en son temps de la même façon, mais le Canada et les autres pays de l'organisation ont maintenu le traitement préférentiel accordé à ses citoyens et ses produits (documents 831 à 843). Dans d'autres secteurs, la relation avec le Commonwealth reste dans une voie bien connue. Ainsi, le Canada exprime ouvertement son refus de se soumettre aux positions communes auxquelles arriverait l'organisation après consultation ou d'indiquer publiquement les différences existant entre la politique du Commonwealth et celle d'autres membres (documents 766 à 771).

Comme par le passé, les relations bilatérales avec les membres du Commonwealth, autres que le Royaume-Uni, sont bien moins importantes que l'attention accordée à l'organisme le laisse entendre. De fait, le regard des Britanniques et des Canadiens est tourné vers les finances et le commerce, deux domaines inextricablement associés aux États-Unis. L'interdépendance des trois pays du triangle de l'Atlantique Nord est soulignée par les discussions tenues, à Washington, entre le Secrétaire au Trésor américain, le Chancelier de l'Échiquier britannique et notre ministre des Finances (documents 593 et 594) ainsi que par les crises ayant précédé ces rencontres et les dévaluations les ayant suivies. La perspective toujours remise d'un libre échange canado-américain, les avantages éventuels de l'Accord général sur les tarifs et le commerce ou, encore, les implications de l'Alliance atlantique sur l'intégration européenne et le commerce transatlantique ne peuvent détourner les décideurs canadiens des bénéfices immédiats provenant des achats hors des États-Unis, permis aux pays bénéficiaires du Plan Marshall, ou de la nécessité d'une entente entre les zones sterling et dollar. La différence des points de vue et les tensions anglo-canadiennes qui découlent des questions financières et commerciales, s'accroissent au fil des mois (documents 633 à 651). Ottawa reconnaît à contre-cœur et accepte souvent que le gouffre avec le Royaume-Uni s'élargisse de plus en plus.

Au contraire, une tendance évidente, depuis plusieurs années, est le renforcement des relations canado-américaines accentué par l'économie canadienne de l'après-guerre et par l'influence pénétrante de la Guerre froide. Il y a autant de

favoured accomodation of India and participated in the redefinition of the Commonwealth relationship that was essential to secure that objective. The constitutional issues were considered carefully in Ottawa as in London, though in both capitals policy-makers were at least as concerned with the political and strategic implications of the decision for the Commonwealth and the western alliance (Documents 772 to 821). The evaluation in Ottawa of the significance of India, as a vital link to Asia and a possible bulwark of sympathetic policies in that region, contributed as well to the contemplation of concessions on immigration from India (Documents 754 and 755) and to the importance assigned to the visit to Ottawa of Prime Minister Jawaharlal Nehru (Documents 858 to 865). Although no equivalent gesture was made to the Republic of Ireland in time to affect its relationship with the rest of the Commonwealth, Canada and the other members did contrive to maintain preferential treatment of Irish citizens and goods (Documents 831 to 843). In other respects, however, Canada's relationship with the Commonwealth followed familiar lines, particularly with an expressed aversion to definite commitments to Commonwealth consultation as well as to public indications of the differences between it and other members (Documents 766 to 771).

As in the past, Canada's bilateral relations with Commonwealth countries other than the United Kingdom were conspicuously less important than the attention to that multilateral association would imply. Moreover, the Anglo-Canadian agenda was dominated by questions of finance and trade, which were inextricably linked to Canada's other principal bilateral relationship, that with the United States. The inter-dependence of the North Atlantic Triangle in this realm was underlined by the tri-partite talks in Washington involving the U.S. Secretary of the Treasury, the U.K. Chancellor of the Exchequer and the Minister of Finance (Documents 593 and 594), as well as by the crises which preceded and the devaluations which followed those meetings. Neither the elusive prospect of Canadian-American free trade nor the eventual advantages of the General Agreement on Tariffs and Trade nor even the implications of the North Atlantic Treaty for European integration and trans-Atlantic trade could distract Canadian policy-makers from the more immediate benefits of off-shore purchases under the Marshall Plan and the necessity for a fundamental understanding between the sterling and dollar economies. The differences in outlook and consequent tensions between Britain and Canada in matters of finance and trade became even more acute near the end of the year (Documents 633 to 651), but the more typical response in Ottawa was reluctant acknowledgement, often acceptance, that the two partners were drifting apart.

Of course, a contrary trend had been evident for many years in Canadian-American relations, one that was reinforced by developments in Canada's post-war economy and by the pervasive influence of the Cold War. The reasons why Canada should align itself with its southern neighbour in the global confrontation were as myriad as the inter-connections between the two countries. St. Laurent's visit to Washington in February simply confirmed the obvious importance of continental co-operation, while the varied agenda for his talk with President Harry Truman gave only a hint of the range of questions which arose regularly. One perennial topic was the St. Lawrence seaway and power project, for which the American administration was unable to dredge a passage through Congress. With hindsight

raisons militant en faveur de l'alignement du Canada avec son voisin du sud, dans la confrontation globale qui est alors vécue, qu'il existe de liens de toutes natures entre les deux pays. La visite de St-Laurent, à Washington, en février, confirme l'importance de la coopération continentale : la variété des sujets qu'il aborde alors avec le président Harry Truman ne donne qu'une mince idée des questions traitées de façon régulière. La voie maritime du St-Laurent et ses projets hydro-électriques, que l'administration américaine ne parvient pas à faire accepter par le Congrès, devient un éternel objet de discussion. Avec le recul, on peut se dire que l'idée progresse en 1949, ce qui n'est pas évident à l'époque.

Dans d'autres régions, par exemple le Grand Nord ou Terre-Neuve, les Canadiens tiennent plutôt à restreindre leurs contreparties américaines qu'à les inspirer. Les implications militaires du conflit larvé soviéto-américain et la situation géographique du Canada entre les deux colosses rehaussent l'importance de l'Arctique aussi bien que le potentiel de mésentente canado-américaine concernant la souveraineté canadienne dans cette partie du monde. Mais, la documentation préparée en vue de la visite à Ottawa du secrétaire d'État à la Défense, Louis Johnson, ainsi que les discussions qui ont alors lieu démontrent également qu'un rapport unique existe entre ces deux pays dont les destins sont si enchevêtrés. Lorsque le Comité de la défense du Cabinet examine les exigences de la défense du Canada (documents 918 et 919), la position stratégique du pays ainsi que le lien existant entre la défense continentale et nord-atlantique sont soulignés.

Les autres relations bilatérales canadiennes paraissent de peu d'intérêt, sauf en vue de l'arrivée d'un visiteur ou autour de la réapparition d'un problème. Par rapport à la normale, Ottawa est presque inondée de ministres des affaires étrangères, à l'automne 1949. Les visites d'Ernest Bevin (documents 868 et 869) et de Robert Schuman (documents 1004 et 1005) sont bienvenues. Il y a moins d'enthousiasme pour celle du comte Sforza (document 1009) alors que celle de Sir Zafrulla Khan (document 867) est mesurée à l'aune du traitement accordé au premier ministre indien. Les fâcheux pourparlers entourant la propriété des trésors artistiques polonais compliquent toujours les relations canado-polonaises ainsi que les rapports entre les gouvernements fédéral et québécois (documents 1010 à 1017). Les échanges d'information ou de propagande dominent les froides relations canado-soviétiques. Le résultat de la guerre civile en Chine, avec ses contrecoups pour les résidents canadiens en terre chinoise et les relations internationales en général, incite à une revue exceptionnelle de la « politique vis-à-vis de la Chine communiste » au début de novembre (document 1050); cependant, on s'attend à ce que le Canada reconnaisse le nouveau régime quelque part en 1950 (document 1055). Cette décision sera finalement retardée par les hauts et les bas de la Guerre froide.

Pour rassembler ces documents sur les relations internationales canadiennes, en 1949, je me suis surtout basé sur les dossiers du ministère des Affaires extérieures (aujourd'hui, des Affaires étrangères et du Commerce international), ceux du Conseil privé et du ministère des Finances, complétés, lorsque nécessaire, par ceux d'autres ministères ainsi que par des fonds privés déposés aux Archives nationales

one can claim that progress on that scheme was made in 1949, but it was hardly evident at the time.

In other regions, notably the North and Newfoundland, Canadian policy-makers were more anxious to restrain than to inspire their American counterparts. The military implications of Soviet-American conflict, as well as Canada's unfortunate location between the two superpowers, enhanced the importance of the Arctic and consequently the potential for disagreement over questions of sovereignty. But the documentation prepared for the visit to Ottawa of the American Secretary of Defense, Louis Johnson, as well as the discussions which took place then, also demonstrated the unique rapport between two countries whose fates were so completely entwined. When the Cabinet Defence Committee examined Canada's defence requirements (Documents 918 and 919), this country's strategic position, as well as the connection between continental and North Atlantic defence, was underlined.

Most other bilateral relationships tended to be marginal interests for Canada, which attracted attention as a consequence of the arrival of a visitor or the revival of an irritant. By its normal standards, Ottawa was nearly inundated by a tidal wave of foreign ministers in the autumn of 1949. While the visits of Ernest Bevin (Documents 868 and 869) and Robert Schuman (Documents 1004 and 1005) were certainly welcome, the reception for Count Sforza (Document 1009) was less enthusiastic and that for Sir Zafrulla Khan (Document 867) was carefully measured against the treatment of the Indian Prime Minister. The vexatious struggle over custody of the Polish Art Treasures still complicated relations between Canada and Poland as well as the federal government's dealings with Quebec (Documents 1010-1017). Exchanges, whether of information or of propaganda, dominated the bleak landscape of Soviet-Canadian relations. The outcome of the civil war in China, with its implications for Canadian residents and for international relations generally, prompted an exceptional review of "Policy Towards Communist China" in early November (Document 1050), but it was still expected that Canada would recognize the new regime sometime in 1950 (Document 1055). That question too would ultimately be decided by the ebb and flow of the Cold War.

For this documentary record of Canada's international relations in 1949, I have drawn principally on the files of the Department of External Affairs (now the Department of Foreign Affairs and International Trade), the Privy Council Office and the Department of Finance, supplemented by other departmental records as necessary as well as by collections of private papers in the National Archives of Canada, including those of Louis S. St. Laurent, Lester B. Pearson, Hume Wrong and Escott Reid. The guidelines for the selection of documents in this volume remain those quoted in the introduction to Volume 7 in this series. The editorial devices are described in the introduction to Volume 9. A dagger (†) indicates that a document has not been printed in this volume; an ellipsis (...) represents an editorial omission. I had full access to the records of the Department of External Affairs in the preparation of this volume.

That task was made considerably easier by the assistance of many people. As always, the staff of the National Archives of Canada were courteous and helpful. Historians of Canada's international relations owe a particular debt of gratitude to

du Canada, dont ceux de Louis St-Laurent, Lester B. Pearson, Hume Wrong et Es-cott Reid. Les critères de sélection des documents qui suivent sont ceux déjà exposés dans l'introduction au volume 7. L'appareil éditorial est décrit dans l'introduction au volume 9. Ce signe (†) signifie qu'un document mentionné n'est pas dans ce volume; celui-ci (...) représente une partie non citée. J'ai eu accès à tous les dossiers du ministère des Affaires extérieures dans la préparation de ce livre.

Ma tâche a été facilitée par plusieurs personnes. Comme d'habitude, le personnel des Archives nationales du Canada a été courtois et d'une grande aide. Les historiens des relations internationales du Canada doivent beaucoup aux membres de l'unité des dossiers militaires et internationaux de la Division des archives gouvernementales. Les connaissances spécialisées et les dispositions avenantes de Paul Marsden, Paulette Dozois et David Smith ont été particulièrement bien reçues. Le personnel de la bibliothèque Jules-Léger du ministère des Affaires étrangères et du Commerce international ont su partager avec moi leurs temps et connaissances. Plusieurs attaché(e)s de recherche ont été employé(e)s tout au long de ce projet : Michel Beauregard, Neal Carter, Christopher Cook, Lisa Dillon, Brian Hearnden, Ted Kelly, Steven Lee, Leigh Sarty et Jacqueline Shaw ont participé à me rendre plus accessible une masse de documents. Greg Donaghy, collègue et éditeur, et moi-même avons développé une méthodologie qui nous est apparue appropriée pour diviser les sujets qui s'étendaient sur les années 1949 (vol. XV) et 1950 (vol. XVI). J'ai également apprécié les conseils et la patience de l'éditeur-en-chef de la série, John Hilliker, surtout lorsque mes autres responsabilités détournaient mon attention de ce volume. Cette publication doit beaucoup à l'engagement et à la confiance de plusieurs gestionnaires dont, récemment et de façon notable, Mary Jane Starr, Alan Darisse et Peter Lloyd, que je tiens à remercier. La préparation du manuscrit en vue de sa publication a été faite par Jordan, Nesbitt et Associés limitée d'Ottawa. Je leur exprime ma profonde admiration pour le très haut standard de travail ainsi que pour l'efficacité et la bonne grâce avec lesquelles ils ont répondu à quelques-unes des exigences singulières de ce projet. L'équipe éditoriale de la compagnie, dirigée par Norman Hillmer et Bruce Nesbitt, incluait Ann Gregory, David MacKenzie, R.L. Gabrielle Nishiguchi, Jean Pariseau, Boris Stipernitz, Marie Trudeau et Susan Villeneuve. Ted Kelly et Janet Ritchie de la Division historique, les ont aidés. Tout comme pour le volume précédent, mon travail a été facilité par l'assistance de Maria Horner et du regretté Imre Horner ainsi que par l'appui indéfectible de Kathy Giles-Mackenzie, Anna Mackenzie et Sarah Mackenzie.

Pour ce projet, et comme pour mes travaux antérieurs, j'ai énormément bénéficié de la perspicacité exceptionnelle, de l'intelligence, du charme, de la compréhension et de l'amitié généreuse du regretté Ian Drummond. Ian m'a appris à voir les multiples thèmes multilatéraux et bilatéraux des relations économiques internationales du Canada comme des touches formant un portrait compréhensible. Dans les septièmes chapitres des volumes 14 et 15, je tente d'appliquer les leçons qu'il m'a apprises.

the personnel of the Military and International Records Unit of the Government Archives Division. The specialized knowledge and helpful disposition of Paul Marsden, Paulette Dozois and David Smith were especially welcome. The staff of the Jules Léger Library of the Department of Foreign Affairs and International Trade also generously shared their time and knowledge. Several research assistants were employed at various times during this project: Michel Beauregard, Neal Carter, Christopher Cook, Lisa Dillon, Brian Hearnden, Ted Kelly, Steven Lee, Leigh Sarty and Jacqueline Shaw have all helped to make an unwieldy mass of paper more manageable. My fellow editor, Greg Donaghy, and I were able to divide responsibility for overlapping subjects between the 1949 and 1950 volume in a manner which made sense to us. I have also appreciated the advice and forbearance of the general editor of the series, John Hilliker, particularly when my other responsibilities distracted me from this volume. The publication of this book owes much to the commitment and confidence of several managers, most recently and notably Mary Jane Starr, Alan Darisse and Peter Lloyd, to whom I express my thanks. Jordan, Nesbitt and Associates Ltd. of Ottawa prepared the manuscript for publication. I would like to express my profound appreciation for the remarkably high standard of their work as well as for the good grace and efficiency with which they responded to the sometimes peculiar demands of this project. The company's editorial team, led by Norman Hillmer and Bruce Nesbitt, included Ann Gregory, David MacKenzie, R.L. Gabrielle Nishiguchi, Jean Pariseau, Boris Stipernitz, Marie Trudeau and Susan Villeneuve. Within the Historical Section, they were aided by Ted Kelly and Janet Ritchie. As with the previous volume in this series, my editorial work was facilitated by assistance from Maria Horner and the late Imre Horner, as well as by vital support from Kathy Giles-Mackenzie, Anna Mackenzie and Sarah Mackenzie.

I have also benefited in this project, as in previous work, from the exceptional insight, intelligence, wit and understanding, as well as the generous friendship, of the late Ian Drummond. Ian taught me to see the various bilateral and multilateral themes in Canada's international economic relations as aspects of a complete and comprehensible picture. The seventh chapters in volumes 14 and 15 of this series are attempts to apply that lesson.

All of those mentioned above have assisted me in some way with the preparation of this volume, but I am responsible as editor for the selection of documents.

HECTOR MACKENZIE

Ottawa, Ontario

December 12, 1994

Les personnes mentionnées ci-haut m'ont assisté, d'une façon ou d'une autre, dans la réalisation de ce volume, mais je suis le seul responsable, à titre d'éditeur, de la sélection des documents.

HECTOR MACKENZIE

Ottawa (Ontario)

le 12 décembre 1994

PROVENANCE DES DOCUMENTS¹

LOCATION OF DOCUMENTS¹

Documents de Brooke Claxton, Archives nationales (MG 32 B5)	B.C.	Brooke Claxton Papers, National Archives (MG 32 B5)
Documents de C.D. Howe, Archives nationales (MG 27 III B20)	C.D.H.	C.D. Howe Papers, National Archives (MG 27 III B20)
Dossiers de l'ambassade du Canada à Washington, Archives nationales (RG 25 B3)	CEW	Canadian Embassy, Washington, Files National Archives (RG 25 B3)
Dossiers de Canada House, Londres, Archives nationales (RG 25 A12)	CH	Canada House, London, Files, National Archives (RG 25 A12)
Dossiers du ministère des Affaires extérieures	DEA	Department of External Affairs Files
Dossiers du ministère des Finances, Archives nationales (RG 19)	DF	Department of Finance Files, National Archives (RG 19)
Dossiers du ministère de la Défense nationale, Archives nationales (RG24)	DND	Department of National Defence Files, National Archives (RG 24)
Documents de E.M. Reid, Archives nationales (MG 31 E46)	E.R.	E.M. Reid Papers, National Archives (MG 31 E46)
Documents de H.H. Wrong, Archives nationales (MG 30 E101)	H.H.W.	H.H. Wrong Papers, National Archives (MG 30 E101)
Documents de L.B. Pearson, Archives nationales (MG 26 N1)	L.B.P.	L.B. Pearson Papers, National Archives (MG 26 N1)
Documents de L.S. St-Laurent, Archives nationales (MG 26 L)	L.S.L.	L.S. St. Laurent Papers, National Archives (MG 26 L)
Bureau du Conseil privé—conclusions du Cabinet et documents du Cabinet	PCO	Privy Council Office—Cabinet Conclusions and Cabinet Documents
Autres documents des archives du BCP	PCO/Vol. #	Other documents from PCO Records

¹Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives nationales du Canada sont entre parenthèses.
This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the National Archives of Canada are in parentheses.

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LISTE DES ABRÉVIATIONS LIST OF ABBREVIATIONS

AEC	ATOMIC ENERGY COMMISSION
AFL	AMERICAN FEDERATION OF LABOR
BBC	BRITISH BROADCASTING CORPORATION
BENELUX	BELGIUM, THE NETHERLANDS, LUXEMBOURG
BNA	BRITISH NORTH AMERICA
BOAC	BRITISH OVERSEAS AIRWAYS CORPORATION
BUP	BRITISH UNITED PRESS
BWI	BRITISH WEST INDIES
CBC (IS)	CANADIAN BROADCASTING CORPORATION (INTERNATIONAL SERVICE)
CCA	COMMISSION FOR CONVENTIONAL ARMAMENTS
CCP	CANADIAN CO-OPERATION PROJECT
CDC	CABINET DEFENCE COMMITTEE
CFM	COUNCIL OF FOREIGN MINISTERS
CGS	CHIEF OF THE GENERAL STAFF
CIO	CONGRESS OF INDUSTRIAL ORGANIZATIONS
CNR	CANADIAN NATIONAL RAILWAYS
CP	CANADIAN PRESS
CPA(L)	CANADIAN PACIFIC AIR LINES
CPC	COMBINED POLICY COMMITTEE
CPR	CANADIAN PACIFIC RAILWAY
CRO	COMMONWEALTH RELATIONS OFFICE
CSC	CHIEFS OF STAFF COMMITTEE
CSU	CANADIAN SEAMEN'S UNION
DEA	DEPARTMENT OF EXTERNAL AFFAIRS
DFEC	(NORTH ATLANTIC) DEFENCE FINANCIAL AND ECONOMIC COMMITTEE
DMI	DIRECTOR OF MILITARY INTELLIGENCE
DO	DOMINIONS OFFICE
DOT	DEPARTMENT OF TRANSPORT
DP	DISPLACED PERSON
ECA	ECONOMIC COOPERATION ADMINISTRATION
ECOSOC	ECONOMIC AND SOCIAL COUNCIL OF THE UNITED NATIONS
ERP	EUROPEAN RECOVERY PROGRAM
FAO	FOOD AND AGRICULTURE ORGANIZATION
FEC	FAR EASTERN COMMISSION
FECB	FOREIGN EXCHANGE CONTROL BOARD
FO	FOREIGN OFFICE
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE/ACCORD GÉNÉRAL SUR LES TARIFFS DOUANIERS ET LE COMMERCE
GNP	GROSS NATIONAL PRODUCT
ICAO	INTERNATIONAL CIVIL AVIATION ORGANIZATION
IJC	INTERNATIONAL JOINT COMMISSION
ILO	INTERNATIONAL LABOUR ORGANIZATION
IMF	INTERNATIONAL MONETARY FUND
IRO	INTERNATIONAL REFUGEE ORGANIZATION
ITO	INTERNATIONAL TRADE ORGANIZATION
JEIA	JOINT EXPORT-IMPORT AGENCY
JPC	JOINT PLANNING COMMITTEE
LSD	LOW-SEPARATION (GASEOUS) DIFFUSION (PLANT)
MAP	MILITARY ASSISTANCE PROGRAM
MCC	MILITARY CO-OPERATION COMMITTEE
MDAA	MUTUAL DEFENSE ASSISTANCE ACT
MFN	MOST FAVOURED NATION
NADO	NORTH ATLANTIC DEFENCE ORGANIZATION
NAT(O)	NORTH ATLANTIC TREATY (ORGANIZATION)
NFB	NATIONAL FILM BOARD

NRC	NATIONAL RESEARCH COUNCIL
NSRB	NATIONAL SECURITY RESOURCES BOARD
NWT	NORTHWEST TERRITORIES
OACI	ORGANISATION DE L'AVIATION CIVILE INTERNATIONALE
OEEC	ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION
ONU	ORGANISATION DES NATIONS UNIES
PC(O)	PRIVY COUNCIL (OFFICE)
PJBD	PERMANENT JOINT BOARD ON DEFENCE
PQ	PROVINCE OF QUEBEC
PW	PSYCHOLOGICAL WARFARE
PX	POST EXCHANGE
RAF	ROYAL AIR FORCE
RCAF	ROYAL CANADIAN AIR FORCE
RCMP	ROYAL CANADIAN MOUNTED POLICE
RCN	ROYAL CANADIAN NAVY
RFC	RECONSTRUCTION FINANCE CORPORATION
SCAP	SUPREME COMMANDER, ALLIED POWERS, PACIFIC
SSEA	SECRETARY OF STATE FOR EXTERNAL AFFAIRS
SPATC	SOUTH PACIFIC AIR TRANSPORT COUNCIL
TCA	TRANS-CANADA AIRLINES
UK	UNITED KINGDOM
UKSTD	UNITED KINGDOM SUPPLY AND TREASURY DELEGATION
UNAEC	UNITED NATIONS ATOMIC ENERGY COMMISSION
UNCI	UNITED NATIONS COMMISSION ON INDONESIA
UNCIP	UNITED NATIONS COMMISSION ON INDIA AND PAKISTAN
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
UNICEF	UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND
UN(O)	UNITED NATIONS (ORGANIZATION)
UNRRA	UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
UNSCOP	UNITED NATIONS SPECIAL COMMITTEE ON PALESTINE
US(A)	UNITED STATES (OF AMERICA)
USAF	UNITED STATES AIR FORCE
USAAF	UNITED STATES ARMY AIR FORCE
USN	UNITED STATES NAVY
USSEA	UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS
USSR	UNION OF SOVIET SOCIALIST REPUBLICS
USWB	UNITED STATES WEATHER BUREAU
WHO	WORLD HEALTH ORGANIZATION

LISTE DES PERSONNALITÉS LIST OF PERSONS

- ABBOTT, Douglas C., ministre des Finances.
- ACHESON, Dean, secrétaire d'État des États-Unis (janvier-).
- ACHILLES, T.C., chef, Direction (alors, Bureau) des affaires de l'Europe de l'Ouest, Département d'État des États-Unis.
- ALEXANDER, A.V., ministre de la Défense du Royaume-Uni.
- ARNESON, R.G., assistant spécial au sous-secrétaire d'État de la politique sur l'énergie atomique, Département d'État des États-Unis.
- ATTLEE, Clement, premier ministre du Royaume-Uni.
- AUSTIN, Warren R., représentant permanent des États-Unis aux Nations Unies.
- BAJPAI, Sir Girja S., secrétaire général, ministère des Affaires extérieures et des relations du Commonwealth de l'Inde.
- BEATTIE, J. Robert, directeur de la recherche, Banque du Canada; alors assistant spécial au gouverneur, Banque du Canada.
- BÉRARD, Armand, ministre-conseiller, ambassade de France aux États-Unis (-juillet).
- BEVIN, Ernest, secrétaire d'État aux Affaires étrangères du Royaume-Uni.
- BISSELL, Richard M., jr., sous-administrateur adjoint de programme, Administration de la coopération économique.
- BOHLEN, C.E., conseiller, Département d'État des États-Unis (-juin).
- BONNET, Henri, ambassadeur de France aux États-Unis.
- BRADLEY, général Omar N., chef d'état-major, Armée américaine (Février-août); président, chefs d'état-major conjoints (août-).
- BRANNAN, Charles F., secrétaire de l'Agriculture des États-Unis.
- BROOK, Sir Norman, secrétaire du Cabinet du Royaume-Uni.
- BRYCE, R.B., sous-ministre adjoint des Finances et secrétaire du Conseil du Trésor.
- CADOGAN, Sir Alexander, représentant permanent du Royaume-Uni aux Nations Unies.
- CAINE, Sir Sydney, chef, délégation du Trésor et des Approvisionnements, ambassade du Royaume-Uni aux États-Unis.
- ABBOTT, Douglas C., Minister of Finance.
- ACHESON, Dean, Secretary of State of United States (Jan.-)
- ACHILLES, T.C., Chief, Division (then Office) of Western European Affairs, Department of State of United States.
- ALEXANDER, A.V., Minister of Defence of United Kingdom.
- ARNESON, R.G., Special Assistant to Under-Secretary of State for Atomic Energy Policy, Department of State of United States.
- ATTLEE, Clement, Prime Minister of United Kingdom.
- AUSTIN, Warren R., Permanent Representative of United States to United Nations.
- BAJPAI, Sir Girja S., Secretary-General, Ministry of External Affairs and Commonwealth Relations of India.
- BEATTIE, J. Robert, Director of Research, Bank of Canada; then Special Assistant to the Governor, Bank of Canada.
- BÉRARD, Armand, Minister-Counsellor, Embassy of France in United States (-Jul.).
- BEVIN, Ernest, Secretary of State for Foreign Affairs of United Kingdom.
- BISSELL, Richard M., Jr., Assistant Deputy Administrator for Program, Economic Cooperation Administration.
- BOHLEN, C.E., Counsellor, Department of State of United States (-Jun.).
- BONNET, Henri, Ambassador of France in United States.
- BRADLEY, General Omar N., Chief of Staff, United States Army (Feb.-Aug.); Chairman, Joint Chiefs of Staff (Aug.-).
- BRANNAN, Charles F., Secretary of Agriculture of United States.
- BROOK, Sir Norman, Secretary of the Cabinet of United Kingdom.
- BRYCE, R.B., Assistant Deputy Minister of Finance and Secretary of Treasury Board.
- CADOGAN, Sir Alexander, Permanent Representative of United Kingdom to United Nations.
- CAINE, Sir Sydney, Head, Treasury and Supply Delegation, United Kingdom Embassy in United States.

- CHANCE, L.G., chef, Direction des Affaires consulaires.
- CHAUVEL, Jean, secrétaire général du ministère des Affaires étrangères de France; représentant permanent de France aux Nations Unies.
- CHIFLEY, J.B., premier ministre d'Australie.
- CHIPMAN, W.F., haut-commissaire en Inde (mars-).
- CLARK, Major-général S.F., président, mission de l'état-major conjoint canadien à Londres.
- CLARK, W.C., sous-ministre des Finances.
- CLAXTON, Brooke, ministre de la Défense nationale.
- CLUTTERBUCK, Sir Alexander, haut-commissaire du Royaume-Uni.
- CONNALLY, Tom, sénateur des États-Unis (Texas); président du comité des relations étrangères du Sénat des États-Unis.
- COSTELLO, J.A., premier ministre d'Irlande.
- CREAN, G.G., chef par intérim, Direction de liaison avec la Défense (-août).
- CRIPPS, Sir Stafford, chancelier de l'Échiquier du Royaume-Uni.
- CURTIS, maréchal de l'air W.A., chef d'état-major des forces aériennes.
- DAVIS, Thomas C., ambassadeur en Chine.
- DE ROSE, François, représentant alternatif de la France à la Commission de l'énergie atomique.
- DÉSY, Jean, ambassadeur en Italie.
- DEUTSCH, J.J., directeur, Direction des relations économiques, ministère des Finances.
- DORÉ, Victor, ambassadeur en Belgique.
- DOUGLAS, Lewis W., ambassadeur des États-Unis au Royaume-Uni.
- DRURY, C.M., sous-ministre de la Défense.
- DULLES, John Foster, délégué des États-Unis à l'Assemblée générale des Nations Unies; consultant au secrétaire d'État des États-Unis; sénateur américain (New York).
- DUPUY, Pierre, ambassadeur aux Pays-Bas.
- EBERTS, C.C., Direction de liaison avec la Défense; secrétaire, section canadienne, Conseil permanent mixte de la défense.
- EVATT, Herbert V., vice-premier ministre et ministre des Affaires extérieures d'Australie.
- FORDE, F.M., haut-commissaire d'Australie.
- CHANCE, L.G., Head, Consular Division.
- CHAUVEL, Jean, Secretary General of Ministry for Foreign Affairs of France; Permanent Representative of France to United Nations.
- CHIFLEY, J.B., Prime Minister of Australia.
- CHIPMAN, W.F., High Commissioner in India (Mar.-).
- CLARK, Major-General S.F., Chairman, Canadian Joint Staff Mission in London.
- CLARK, W.C., Deputy Minister of Finance.
- CLAXTON, Brooke, Minister of National Defence.
- CLUTTERBUCK, Sir Alexander, High Commissioner of United Kingdom.
- CONNALLY, Tom, United States Senator (Texas); Chairman of Foreign Relations Committee of United States Senate.
- COSTELLO, J.A., Prime Minister of Ireland.
- CREAN, G.G., Acting Head, Defence Liaison Division (-Aug.).
- CRIPPS, Sir Stafford, Chancellor of Exchequer of United Kingdom.
- CURTIS, Air Marshal W.A., Chief of Air Staff.
- DAVIS, Thomas C., Ambassador in China.
- DE ROSE, François, Alternate Representative of France to Atomic Energy Commission.
- DÉSY, Jean, Ambassador in Italy.
- DEUTSCH, J.J., Director, Economic Relations Division, Department of Finance.
- DORÉ, Victor, Ambassador in Belgium.
- DOUGLAS, Lewis W., Ambassador of United States in United Kingdom.
- DRURY, C.M., Deputy Minister of Defence.
- DULLES, John Foster, Delegate of United States to United Nations General Assembly; Consultant to Secretary of State of United States; United States Senator (New York).
- DUPUY, Pierre, Ambassador in Netherlands.
- EBERTS, C.C., Defence Liaison Division; Secretary, Canadian Section, Permanent Joint Board on Defence.
- EVATT, Herbert V., Deputy Prime Minister and Minister of External Affairs of Australia.
- FORDE, F.M., High Commissioner of Australia.

- FORRESTAL, James V., secrétaire de la Défense des États-Unis (mars).
- FOULKES, lieutenant-général Charles, chef d'état-major général et président, Comité des chefs d'état-major.
- FRANKS, Sir Oliver, ambassadeur du Royaume-Uni aux États-Unis.
- FRASER, P.G., premier ministre de Nouvelle-Zélande.
- GALLOWAY, W.J., Bureau des affaires régionales européennes, Département d'État des États-Unis.
- GARDINER, James G., ministre de l'Agriculture.
- GARLAND, E.J., ministre en Norvège.
- GEORGE, James, Direction de liaison avec la Défense.
- GILL, Evan, secrétaire, Comité de défense du Cabinet.
- GLENDINNING, C.D., secrétaire adjoint, Trésorerie des États-Unis.
- GRANT, vice amiral H.T.W., chef d'état-major naval.
- GREENE, Kenneth A., haut-commissaire en Australie.
- GROMYKO, A.A., vice-ministre des Affaires étrangères de l'Union soviétique (mars-).
- GRUENTHER, major-général A.M., directeur, état-major des chefs d'état-major conjoints des États-Unis.
- HARRIMAN, W. Averill, représentant spécial en Europe des États-Unis.
- HEARNE, John J., haut-commissaire d'Irlande.
- HEENEY, A.D.P., greffier du Conseil privé et secrétaire au Cabinet (mars); sous-secrétaire d'État aux Affaires extérieures (mars-).
- HEMSLEY, S.D., directeur général de l'Administration.
- HENDERSON, Loy H., Bureau des affaires du Proche-Orient et de l'Afrique, Département d'État des États-Unis.
- HICKERSON, John D., Directeur, Bureau des Affaires européennes, Département d'État des États-Unis (juillet); secrétaire d'État adjoint des États-Unis aux Affaires des Nations Unies (août-).
- HOFFMAN, Paul G., administrateur, Administration de la coopération économique.
- HOLMES, J.W., chef par intérim, Direction des Nations Unies (janvier-).
- FORRESTAL, James V., Secretary of Defense of United States (Mar.).
- FOULKES, Lt.-Gen. Charles, Chief of General Staff and Chairman, Chiefs of Staff Committee.
- FRANKS, Sir Oliver, Ambassador of United Kingdom in United States.
- FRASER, P.G., Prime Minister of New Zealand.
- GALLOWAY, W.J., Office of European Regional Affairs, Department of State of United States.
- GARDINER, James G., Minister of Agriculture.
- GARLAND, E.J., Minister in Norway.
- GEORGE, James, Defence Liaison Division.
- GILL, Evan, Secretary, Cabinet Defence Committee.
- GLENDINNING, C.D., Assistant Secretary, Treasury of United States.
- GRANT, Vice Admiral H.T.W., Chief of Naval Staff.
- GREENE, Kenneth A., High Commissioner in Australia.
- GROMYKO, A. A., Deputy Minister of Foreign Affairs of U.S.S.R. (Mar.-).
- GRUENTHER, Maj.-Gen. A.M., Director of Joint Staff of Joint Chiefs of Staff of United States.
- HARRIMAN, W. Averill, Special Representative in Europe of United States.
- HEARNE, John J., High Commissioner of Ireland.
- HEENEY, A.D.P., Clerk of the Privy Council and Secretary to the Cabinet (Mar.); Under-Secretary of State for External Affairs (Mar.-).
- HEMSLEY, S.D., Chief Administrative Officer.
- HENDERSON, Loy H., Office of Near Eastern and African Affairs, Department of State of United States.
- HICKERSON, John D., Director, Office of European Affairs, Department of State of United States (Jul.); Assistant Secretary of State of United States for United Nations Affairs (Aug.-).
- HOFFMAN, Paul G., Administrator, Economic Cooperation Administration.
- HOLMES, J.W., Acting Head, United Nations Division (Jan.-).

- HOPKINS, E.R., conseiller juridique et chef, Direction juridique.
- HOWE, C.D., ministre du Commerce.
- HUGGINS, Sir Godfrey, premier ministre de la Rhodésie du Sud.
- IGNATIEFF, George, conseiller principal, délégation permanente aux Nations Unies (-août); conseiller, ambassade aux États-Unis (août-).
- JEBB, Sir H.M. Gladwyn, sous-secrétaire d'État adjoint, Foreign Office du Royaume-Uni.
- JESSUP, Philip, chef adjoint, mission des États-Unis, aux Nations Unies (-février); ambassadeur itinérant des États-Unis (mars-).
- JOHNSON, David M., chef, Direction de l'Amérique et de l'Extrême-Orient (-février); haut-commissaire par intérim en Irlande (février-juillet); chargé d'affaires en Irlande (juillet-décembre).
- JOHNSON, Louis A., secrétaire à la Défense des États-Unis (mars-).
- KEARNEY, John D., haut-commissaire en Inde (-mai); ambassadeur en Argentine (juin-).
- KEENLEYSIDE, Hugh L., sous-ministre des Mines et des Ressources et commissaire des Territoires du Nord-Ouest.
- KEITH, Bruce A., vice-consul et officier d'information, consulat général, New York.
- KEITH, Robert M., secrétaire des finances, ambassade aux États-Unis.
- KENNAN, George F., directeur, planification des politiques, et aussi (juin-) conseiller, Département d'État des États-Unis.
- KHAN, Liaquat Ali, premier ministre et ministre de la Défense du Pakistan.
- KHAN, Sir Zafrulla, ministre des Affaires extérieures et des relations du Commonwealth du Pakistan.
- KIRKWOOD, Kenneth P., chargé d'affaires en Pologne.
- KNAPP, J.B., directeur du Bureau de la politique financière et du développement, Département d'État des États-Unis.
- LABOUISSSE, H.R., coordinateur de l'aide à l'étranger, Département d'État des États-Unis.
- LEAHY, amiral de la flotte H.D., chef d'état-major du commandant en chef des forces armées des États-Unis.
- HOPKINS, E.R., Legal Adviser and Head, Legal Division.
- HOWE, C.D., Minister of Trade and Commerce.
- HUGGINS, Sir Godfrey, Prime Minister of Southern Rhodesia.
- IGNATIEFF, George, Principal Adviser, Permanent Delegation to United Nations (-Aug.); Counsellor, Embassy in United States (Aug.-).
- JEBB, Sir H.M. Gladwyn, Assistant Under-Secretary of State, Foreign Office of United Kingdom.
- JESSUP, Philip, Deputy Chief of United States Mission to United Nations (-Feb.); Ambassador at Large of United States (Mar.-).
- JOHNSON, David M., Head, American and Far Eastern Division (-Feb.); Acting High Commissioner in Ireland (Feb.-Jul.); Chargé d'Affaires in Ireland (Jul.-Dec.)
- JOHNSON, Louis A., Secretary of Defense of United States (Mar.-).
- KEARNEY, John D., High Commissioner in India (-May); Ambassador in Argentina (Jun.-).
- KEENLEYSIDE, Hugh L., Deputy Minister of Mines and Resources and Commissioner of Northwest Territories.
- KEITH, Bruce A., Vice-Consul and Information Officer, Consulate General, New York.
- KEITH, Robert M., Financial Secretary, Embassy in United States.
- KENNAN, George F., Director, Policy Planning Staff, and also (Jun.-) Counsellor, Department of State of United States.
- KHAN, Liaquat Ali, Prime Minister and Minister of Defence of Pakistan.
- KHAN, Sir Zafrulla, Minister for Foreign Affairs and Commonwealth Relations of Pakistan.
- KIRKWOOD, Kenneth P., Chargé d'Affaires in Poland.
- KNAPP, J.B., Director of the Office of Financial and Development Policy, State Department of United States.
- LABOUISSSE, H.R., Coordinator of Foreign Aid and Assistance, State Department of United States.
- LEAHY, Fleet Admiral H.D., Chief of Staff to Commander-in-Chief, Armed Forces of United States.

- LEPAN, D.V., Direction de l'économie (septembre-).
- LIE, Trygve, secrétaire général des Nations Unies.
- LIESCHING, Sir Percivale, sous-secrétaire d'État permanent aux relations du Commonwealth du Royaume-Uni.
- LOVETT, Robert A., sous-secrétaire d'État des États-Unis (-janvier).
- MACBRIDE, Sean, ministre des Affaires étrangères d'Irlande.
- MACDERMOT, T.W.L., chef, Direction d'Europe.
- MACDONALD, James Scott, ambassadeur au Brésil.
- MACDONNELL, R.M., chargé d'affaires en Tchécoslovaquie (-octobre).
- MACKAY, R.A., chef, Direction du Commonwealth (-août); chef, Direction de liaison avec la Défense (août-).
- MACKENZIE, C.J., président, Conseil national de recherches.
- MACKENZIE, M.W., sous-ministre du Commerce.
- MAGANN, G.L., conseiller, ambassade aux États-Unis (-août).
- MAKINS, Sir Roger, sous-secrétaire d'État adjoint, Foreign Office du Royaume-Uni.
- MALAN, D.F., premier ministre et ministre des Affaires extérieures de l'Afrique du Sud.
- MALIK, Y.A., représentant de l'Union soviétique aux Nations Unies.
- MARSHALL, George C., secrétaire d'État des États-Unis (-janvier).
- MARTIN, Edwin, Bureau de la politique sur le Commerce international, puis directeur, Bureau des Affaires régionales en Europe, Département d'État des États-Unis.
- MARTIN, W., secrétaire adjoint, Département du Trésor des États-Unis.
- MARTIN, Paul, ministre de la Santé nationale et du Bien-être social; délégation à la 4e Assemblée générale des Nations Unies.
- MATTHEWS, W.D., sous-secrétaire d'État adjoint aux Affaires extérieures (administration) (-mai); conseiller, ambassade aux États-Unis (mai-octobre); ministre, ambassade aux États-Unis (octobre-).
- LEPAN, D.V., Economic Division (Sep.-).
- LIE, Trygve, Secretary-General of United Nations.
- LIESCHING, Sir Percivale, Permanent Under-Secretary of State for Commonwealth Relations of United Kingdom.
- LOVETT, Robert A., Under-Secretary of State of United States (-Jan.).
- MACBRIDE, Sean, Minister of External Affairs of Ireland.
- MACDERMOT, T.W.L., Head, European Division.
- MACDONALD, James Scott, Ambassador in Brazil.
- MACDONNELL, R.M., Chargé d'Affaires in Czechoslovakia (-Oct.).
- MACKAY, R.A., Head, Commonwealth Division (-Aug.); Head, Defence Liaison Division (Aug.-).
- MACKENZIE, C.J., President, National Research Council.
- MACKENZIE, M.W., Deputy Minister of Trade and Commerce.
- MAGANN, G.L., Counsellor, Embassy in United States (-Aug.).
- MAKINS, Sir Roger, Assistant Under-Secretary of State, Foreign Office of United Kingdom.
- MALAN, D.F., Prime Minister and Minister of External Affairs of South Africa.
- MALIK, Y.A., Representative of U.S.S.R. to United Nations.
- MARSHALL, George C., Secretary of State of United States (-Jan.).
- MARTIN, Edwin, Office of International Trade Policy, and then Director, Office of European Regional Affairs, Department of State of United States.
- MARTIN, W., Assistant Secretary, Treasury Department of United States.
- MARTIN, Paul, Minister of National Health and Welfare; Delegation to Fourth United Nations General Assembly.
- MATTHEWS, W.D., Assistant Under-Secretary of State for External Affairs (Administration) (-May); Counsellor, Embassy in United States (May-Oct.); Minister, Embassy in United States (Oct.-).

- MAYRAND, Léon, chef, Direction des États-Unis et de l'Extrême-Orient (–avril); sous-secrétaire d'État adjoint aux Affaires extérieures (avril–).
- MCKINNON, Hector B., président, Commission du tarif.
- MCNAUGHTON, général A.G.L., délégué permanent aux Nations Unies; président, section canadienne, Conseil permanent mixte de la défense.
- MCNEIL, Hector, ministre d'État aux Affaires extérieures du Royaume-Uni.
- MEASURES, W.H., chef, Direction du protocole, et chef du protocole.
- MENON, K.P.S., secrétaire, ministre des Affaires extérieures et des Relations du Commonwealth de l'Inde.
- MENZIES, A.R., chef par intérim, Direction des États-Unis et de l'Extrême-Orient (avril–).
- MENZIES, R.G., premier ministre d'Australie.
- MILLAR, Sir Frederick Hoyer, ministre, ambassade du Royaume-Uni aux États-Unis.
- MILLER, vice-maréchal de l'air F.R., membre des Opérations et de l'Entraînement aériens, Aviation royale du Canada.
- MOLOTOV, V.M., ministre des Affaires étrangères de l'Union soviétique (–mars).
- MORAN, Herbert O., adjoint spécial au sous-secrétaire d'État par intérim aux Affaires extérieures (–avril); sous-secrétaire adjoint aux affaires extérieures (avril–).
- MURRAY, J.R., deuxième secrétaire, ambassade aux États-Unis.
- NEHRU, Jawaharlal, premier ministre et ministre des Affaires extérieures et des Relations du Commonwealth de l'Inde.
- NITZE, Paul H., adjoint du sous-secrétaire d'État aux Affaires économiques des États-Unis (–août); directeur adjoint, planification de la politique, Département d'État des États-Unis (août–).
- NOEL-BAKER, Philip J., secrétaire d'État des Relations du Commonwealth du Royaume-Uni.
- NORMAN, E.H., chef, mission de liaison auprès du commandant suprême des Forces alliées, Japon.
- OSBORN, F.H., représentant adjoint des États-Unis à la commission de l'énergie atomique des Nations Unies et à la Commission des armes de type classique.
- MAYRAND, Léon, Head, American and Far Eastern Division (–Apr.); Assistant Under-Secretary of State for External Affairs (Apr.–).
- MCKINNON, Hector B., Chairman, Tariff Board.
- MCNAUGHTON, Gen. A.G.L., Permanent Delegate to United Nations; Chairman, Canadian Section, Permanent Joint Board on Defence.
- MCNEIL, Hector, Minister of State for Foreign Affairs of United Kingdom.
- MEASURES, W.H., Head, Protocol Division, and Chief of Protocol.
- MENON, K.P.S., Secretary, Ministry of External Affairs and Commonwealth Relations of India.
- MENZIES, A.R., Acting Head, American and Far Eastern Division (Apr.–).
- MENZIES, R.G., Prime Minister of Australia.
- MILLAR, Sir Frederick Hoyer, Minister, Embassy of United Kingdom in United States.
- MILLER, Air Vice-Marshal F.R., Air Member for Operations and Training, Royal Canadian Air Force.
- MOLOTOV, V.M., Minister of Foreign Affairs of U.S.S.R. (–Mar.).
- MORAN, Herbert O., Special Assistant to Acting Under-Secretary of State for External Affairs (–Apr.); Assistant Under-Secretary of State for External Affairs (Apr.–).
- MURRAY, J.R., Second Secretary, Embassy in United States.
- NEHRU, Jawaharlal, Prime Minister and Minister of External Affairs and Commonwealth Relations of India.
- NITZE, Paul H., Deputy to Assistant Secretary of State for Economic Affairs of United States (–Aug.); Deputy Director, Policy Planning Staff, State Department of United States (Aug.–).
- NOEL-BAKER, Philip J., Secretary of State for Commonwealth Relations of United Kingdom.
- NORMAN, E.H., Head, Canadian Liaison Mission to Supreme Allied Commander, Japan.
- OSBORN, F.H., Deputy United States Representative to United Nations Atomic Energy Commission and Commission for Conventional Armaments.

- PEARSON, Lester B., secrétaire d'État aux Affaires extérieures.
- PEARSON, Lester B., Secretary of State for External Affairs.
- PERKINS, G.W., secrétaire d'État adjoint aux Affaires européennes des États-Unis (août-).
- PERKINS, G.W., Assistant Secretary of State for European Affairs of United States (Aug.-).
- PICKERSGILL, J.W., adjoint spécial au premier ministre.
- PICKERSGILL, J.W., Special Assistant to Prime Minister.
- PIERCE, S.D., représentant au Programme pour le relèvement de l'Europe (-février); sous-ministre adjoint du Commerce (février-).
- PIERCE, S.D., Representative to European Recovery Programme (-Feb.); Associate Deputy Minister of Trade and Commerce (Feb.-).
- PLUMPTRE, A.F.W., chef, Direction de l'Économie.
- PLUMPTRE, A.F.W., Head, Economic Division.
- POPE, lieutenant-général Maurice, chef, mission militaire auprès de la Commission alliée de contrôle, Allemagne, et aussi (novembre-) chef, mission canadienne auprès du haut-commissariat allié, Allemagne.
- POPE, Lt.-Gen. Maurice, Head, Military Mission to Allied Control Commission, Germany, and also (Nov.-) Head, Canadian Mission to Allied High Commission, Germany.
- PRICE, Byron, secrétaire général adjoint des Nations Unies.
- PRICE, Byron, Assistant Secretary General of United Nations.
- RAE, Saul F., chef, Direction de l'information (-mars); premier secrétaire, haut-commissariat au Royaume-Uni (mars-).
- RAE, Saul F., Head, Information Division (-Mar.); First Secretary, High Commission in United Kingdom (Mar.-).
- RAU, Sir Benegal, président de la délégation de l'Inde à la Commission de l'énergie atomique, et représentant permanent de l'Inde aux Nations Unies.
- RAU, Sir Benegal, Chairman of Delegation of India to Atomic Energy Commission, and Permanent Representative of India at United Nations.
- REBER, Samuel, directeur adjoint, Bureau des affaires européennes, Département d'État des États-Unis.
- REBER, Samuel, Deputy Director, Office of European Affairs, Department of State of United States.
- REID, Escott M., sous-secrétaire d'État par intérim aux Affaires extérieures (-mars); sous-secrétaire d'État adjoint aux Affaires extérieures(mars-).
- REID, Escott M., Acting Under-Secretary of State for External Affairs (-Mar.); Deputy Under-Secretary of State for External Affairs (Mar.-).
- RIDDELL, R.G., adjoint spécial au secrétaire d'État aux Affaires extérieures.
- RIDDELL, R.G., Special Assistant to Secretary of State for External Affairs.
- RITCHIE, A.E., premier secrétaire, haut-commissariat au Royaume-Uni.
- RITCHIE, A.E., First Secretary, High Commission in United Kingdom.
- RITCHIE, C.S.A., conseiller, ambassade en France.
- RITCHIE, C.S.A., Counsellor, Embassy in France.
- RIVE, Alfred, haut-commissaire en Nouvelle Zélande.
- RIVE, Alfred, High Commissioner in New Zealand.
- ROBERTSON, N.A., haut-commissaire au Royaume-Uni (-mars); greffier du conseil privé et secrétaire du Cabinet (mars-).
- ROBERTSON, N.A., High Commissioner in United Kingdom (-Mar.); Clerk of the Privy Council and Secretary to the Cabinet (Mar.-).
- ROBERTSON, R. Gordon, secrétaire, cabinet du premier ministre; puis au Bureau du Conseil privé.
- ROBERTSON, R. Gordon, Secretary, Office of the Prime Minister; then Privy Council Office.
- ROGERS, R.L., troisième secrétaire, ambassade aux États-Unis (-octobre).
- ROGERS, R.L., Third Secretary, Embassy in United States (-Oct.).

- ROWAN, Sir Leslie, deuxième secrétaire, département du Trésor du Royaume-Uni; puis ministre de l'Économie, ambassade du Royaume-Uni aux États-Unis.
- RUSK, Dean, secrétaire d'État adjoint aux Affaires des Nations Unies, Département d'État des États-Unis (février-); sous-secrétaire d'État adjoint des États-Unis (mai-).
- ST-LAURENT, Louis S., premier ministre.
- SAWYER, Charles, secrétaire du Commerce des États-Unis.
- SCHUMAN, Robert, ministre des Affaires étrangères de France.
- SCOTT, S. Morley, conseiller, haut-commissariat en Inde (-juillet).
- SENANAYAKE, D.S., premier ministre de Ceylan.
- SFORZA, le comte Carlo, ministre des Affaires étrangères d'Italie.
- SHONE, Sir Terence, adjoint au représentant permanent du Royaume-Uni aux Nations Unies.
- SILVERCRUYS, le baron Robert, ambassadeur de la Belgique aux États-Unis.
- SMITH, Arnold, Collège de la Défense nationale, Kingston (-août); conseiller principal, délégation permanente aux Nations Unies (août-).
- SMITH, Sir Henry Wilson, Finances extérieures, Département du Trésor du Royaume-Uni.
- SNOW, William P., chef, Direction des Affaires du Commonwealth britannique, Département d'État des États-Unis.
- SNYDER, John W., secrétaire du Trésor des États-Unis.
- SOLANDT, O.M., président, Conseil de recherches pour la défense.
- SPAAK, Paul-Henri, premier ministre et ministre des Affaires étrangères de Belgique (-juin).
- SPIEGEL, Howard R., chef, Direction des Affaires financières, Département d'État des États-Unis.
- STALIN, Joseph V., président, Conseil des ministres de l'Union soviétique.
- STEINHARDT, L.A., ambassadeur des États-Unis.
- STONE, Thomas A., ministre, ambassade aux États-Unis (-février); ministre en Suède (février-) et en Finlande (mars-).
- ROWAN, Sir Leslie, Second Secretary, Treasury Department of United Kingdom; then Economic Minister, Embassy of United Kingdom in United States.
- RUSK, Dean, Assistant Secretary of State for United Nations Affairs, Department of State of United States (Feb.-); Deputy Under-Secretary of State of United States (May-).
- ST. LAURENT, Louis S., Prime Minister.
- SAWYER, Charles, Secretary of Commerce of United States.
- SCHUMAN, Robert, Minister of Foreign Affairs of France.
- SCOTT, S. Morley, Counsellor, High Commission in India (-Jul.).
- SENANAYAKE, D.S., Prime Minister of Ceylon.
- SFORZA, Count Carlo, Minister of Foreign Affairs of Italy.
- SHONE, Sir Terence, Deputy to Permanent Representative of United Kingdom to United Nations.
- SILVERCRUYS, Baron Robert, Ambassador of Belgium in United States.
- SMITH, Arnold, National Defence College, Kingston (-Aug.); Principal Adviser, Permanent Delegation to United Nations (Aug.-).
- SMITH, Sir Henry Wilson, External Finance, Treasury Department of United Kingdom.
- SNOW, William P., Chief, Division of British Commonwealth Affairs, State Department of United States.
- SNYDER, John W., Secretary of Treasury of United States.
- SOLANDT, O.M., Chairman, Defence Research Board.
- SPAAK, Paul-Henri, Prime Minister and Minister of Foreign Affairs of Belgium (-Jun.).
- SPIEGEL, Howard R., Chief, Division of Financial Affairs, Department of State of United States.
- STALIN, Joseph V., Chairman, Council of Ministers of U.S.S.R.
- STEINHARDT, L.A., Ambassador of United States.
- STONE, Thomas A., Minister, Embassy in United States (-Feb.); Minister in Sweden (Feb.-) and to Finland (Mar.-).

- STRANG, Sir William, sous-secrétaire adjoint, puis (février-) sous-secrétaire d'État permanent aux Affaires étrangères du Royaume-Uni.
- STRANGE, Robert, section du commerce hors de l'Europe, Direction de la politique fiscale et commerciale, Administration de la coopération économique.
- SYERS, Sir Cecil, secrétaire d'État adjoint, Bureau des Relations du Commonwealth du Royaume-Uni.
- THORP, Willard L., secrétaire d'État adjoint aux Affaires économiques, Département d'État des États-Unis et coordonnateur, Programme pour le relèvement de l'Europe.
- TOWERS, Graham F., gouverneur de la Banque du Canada.
- TRUMAN, Harry S, président des États-Unis.
- TSARAPKIN, S.K., représentant alternatif de l'Union soviétique à la Commission de l'énergie atomique des Nations Unies.
- VAILLANCOURT, J.J.J. Émile, ministre en Yougoslavie.
- VANDENBERG, Arthur J., sénateur américain (Michigan).
- VANIER, major-général Georges P., ambassadeur en France.
- VAN KLEFFENS, E.N., ambassadeur des Pays-Bas aux États-Unis.
- VAN LANGENHOVE, Fernand, délégué permanent de la Belgique aux Nations Unies.
- VAN ROJEN, J.H., ambassadeur des Pays-Bas.
- VAN ZEELAND, Paul, ministre des Affaires étrangères et du Commerce étranger de Belgique (août-).
- VISHINSKY, A.Y., vice-ministre (-mars) puis ministre (mars-) des Affaires étrangères de l'Union soviétique.
- WATKINS, J.B.C., chargé d'affaires en Union soviétique.
- WEBB, J.E., sous-secrétaire d'État des États-Unis (janvier-).
- WERSHOF, M.H., conseiller, haut-commissariat au Royaume-Uni.
- WILGRESS, L. Dana, délégué permanent, Bureau des Nations Unies à Genève (-mars); haut-commissaire au Royaume-Uni (mars-).
- WILLIS, G.H., directeur du bureau de la Finance internationale, Trésorerie des États-Unis.
- STRANG, Sir William, Assistant Under-Secretary and then (Feb.-) Permanent Under-Secretary of State for Foreign Affairs of United Kingdom.
- STRANGE, Robert, Extra-European Trade Section, Fiscal and Trade Policy Division, Economic Cooperation Administration.
- SYERS, Sir Cecil, Assistant Secretary of State for Commonwealth Relations Office of United Kingdom.
- THORP, Willard L., Assistant Secretary of State for Economic Affairs, Department of State of United States and Coordinator, European Recovery Programme.
- TOWERS, Graham F., Governor, Bank of Canada.
- TRUMAN, Harry S, President of United States.
- TSARAPKIN, S.K., Alternate U.S.S.R. Representative to United Nations Atomic Energy Commission.
- VAILLANCOURT, J.J.J. Émile, Minister in Yugoslavia.
- VANDENBERG, Arthur J., United States Senator (Michigan).
- VANIER, Maj.-Gen. Georges P., Ambassador in France.
- VAN KLEFFENS, E.N., Ambassador of Netherlands in United States.
- VAN LANGENHOVE, Fernand, Permanent Delegate of Belgium to United Nations.
- VAN ROJEN, J.H., Ambassador of Netherlands.
- VAN ZEELAND, Paul, Minister of Foreign Affairs and Foreign Trade of Belgium (Aug.-).
- VISHINSKY, A.Y., Deputy Minister (-Mar.) and then Minister (Mar.-) of Foreign Affairs of U.S.S.R.
- WATKINS, J.B.C., Chargé d'Affaires in U.S.S.R.
- WEBB, J.E., Under-Secretary of State of United States (Jan.-).
- WERSHOF, M.H., Counsellor, High Commission in United Kingdom.
- WILGRESS, L. Dana, Permanent Delegate, Office of United Nations in Geneva (-Mar.); High Commissioner in United Kingdom (Mar.-).
- WILLIS, G.H., Director of Office of International Finance, United States Treasury.

WILLOUGHBY, Woodbury, chef, Direction de la politique commerciale, Département d'État des États-Unis.

WILSON, Harold, président du ministère du Commerce du Royaume-Uni.

WOOD, Sir John Henry, secrétaire permanent, ministère du Commerce du Royaume-Uni.

WRONG, H. Hume, ambassadeur aux États-Unis.

WILLOUGHBY, Woodbury, Chief, Division of Commercial Policy, Department of State of United States.

WILSON, Harold, President of Board of Trade of United Kingdom.

WOOD, Sir John Henry, Permanent Secretary, Board of Trade of United Kingdom.

WRONG, H. Hume, Ambassador in United States.

ILLUSTRATIONS

Toutes les photographies provenant de la Direction de l'art documentaire et de la photographie des Archives nationales portent le numéro du négatif dans l'angle inférieur gauche.

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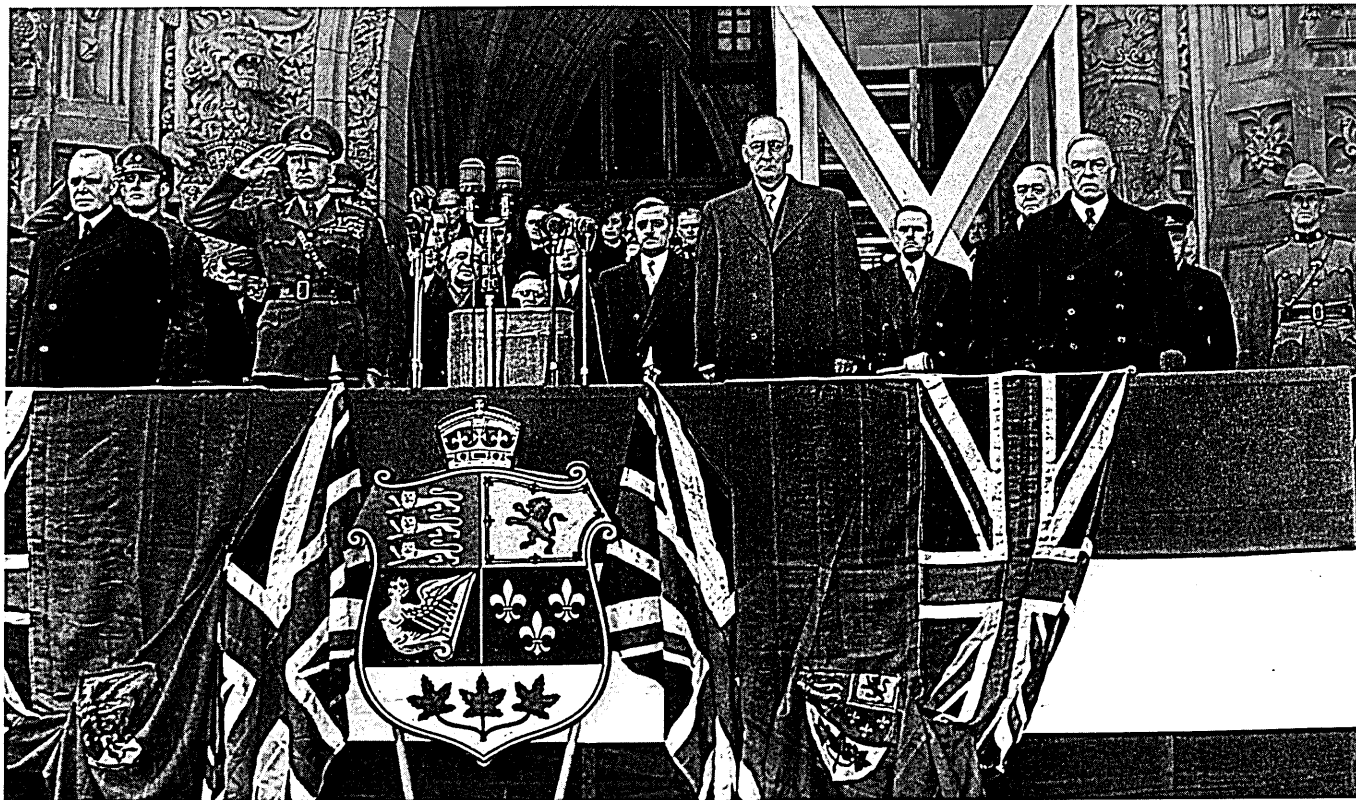
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PA-182704
Prime Minister Louis S. St. Laurent.

Newton
Le premier ministre Louis S. St-Laurent.



PA-122472

Ceremony on Parliament Hill to mark the entry of Newfoundland into Confederation. L. to r. in foreground: Prime Minister Louis S. St. Laurent; Governor-General Lord Alexander; F. Gordon Bradley; former Prime Minister W.L.M. King.

Cérémonie sur la colline du Parlement marquant l'entrée de Terre-Neuve dans la Confédération. De g. à d., au premier plan : le premier ministre Louis S. St-Laurent; le gouverneur général lord Alexander; F. Gordon Bradley; et l'ex-premier ministre W.L.M. King.



PA-124427

Ambassador in United States Hume Wrong signs the North Atlantic Treaty on behalf of Canada in Washington on April 4, 1949, as John S. Foley of the United States looks on.

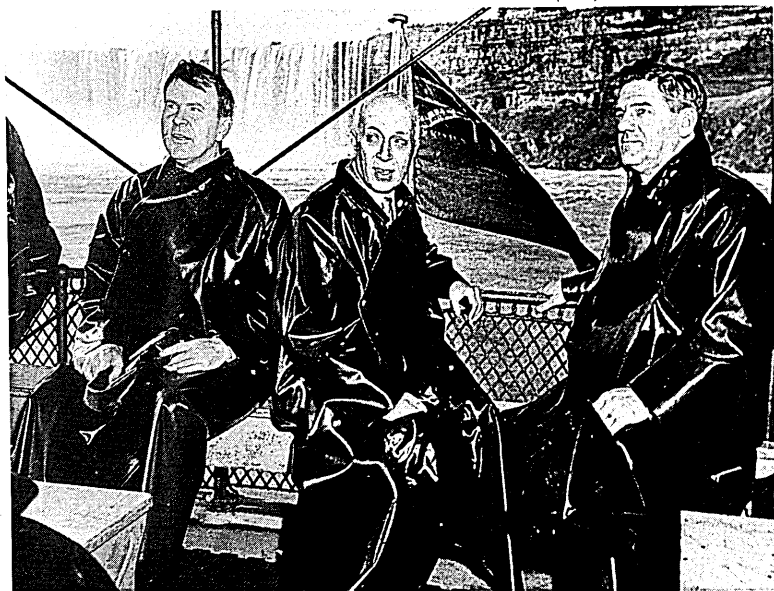
L'ambassadeur aux États-Unis Hume Wrong signe le traité de l'Alliance atlantique au nom du Canada, à Washington, le 4 avril 1949; John S. Foley des États-Unis le regarde.



PA-182713

Visit of Prime Minister Jawaharlal Nehru of India to Canada. L. to r.: Prime Minister Louis S. St. Laurent, Prime Minister Nehru, former Prime Minister W.L.M. King.

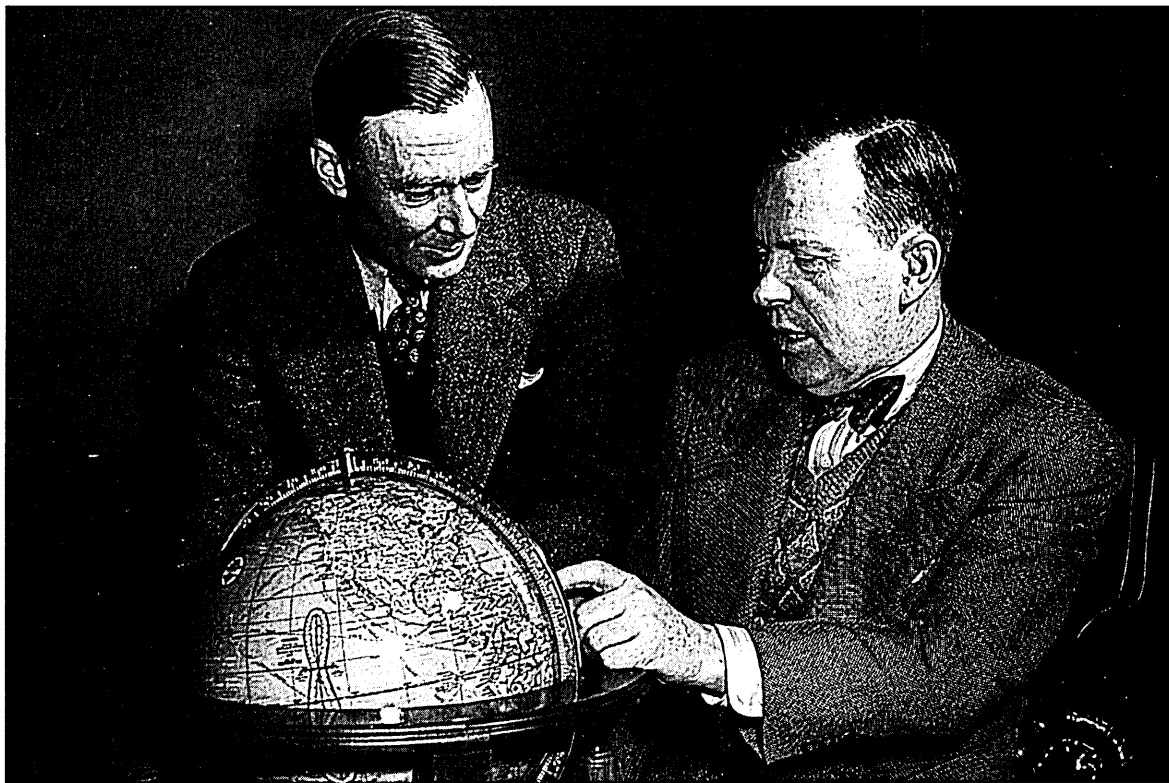
La visite du premier ministre Jawaharlal Nehru de l'Inde au Canada. De g. à d. : le premier ministre Louis S. St-Laurent, le premier ministre Nehru, et l'ex-premier ministre W.L.M. King.



PA-182705

Visit of Prime Minister Jawaharlal Nehru of India to Canada. Secretary of State for External Affairs Lester B. Pearson and Prime Minister Nehru with an unidentified third person aboard the *Maid of the Mist*, Niagara Falls, Ontario.

La visite du premier ministre Jawaharlal Nehru de l'Inde au Canada. Le secrétaire d'État aux Affaires extérieures Lester B. Pearson et le premier ministre Nehru, accompagnés d'une tierce personne, à bord du *Maid of the Mist*, aux chutes Niagara, en Ontario.



PA-121700

Deputy Under-Secretary of State for External Affairs Escott Reid and Secretary of State for External Affairs Lester B. Pearson, prior to departure for the Conference of Commonwealth Foreign Ministers in Colombo, Ceylon (now Sri Lanka).

Duncan Cameron

Le sous-secrétaire d'État aux Affaires extérieures Escott Reid, et le secrétaire d'État aux Affaires extérieures Lester B. Pearson, avant leur départ pour assister à la conférence des ministres de Affaires étrangères du Commonwealth à Colombo, Ceylan (maintenant le Sri Lanka).



PA-188460

Lester B. Pearson presiding as Chairman at a meeting of the Political and Security Committee of the General Assembly of the United Nations, Fourth Session, October 1949.

Lester B. Pearson préside la réunion du Comité de politique et de sécurité de l'Assemblée générale des Nations Unies, lors de la 4^e session, en octobre 1949.

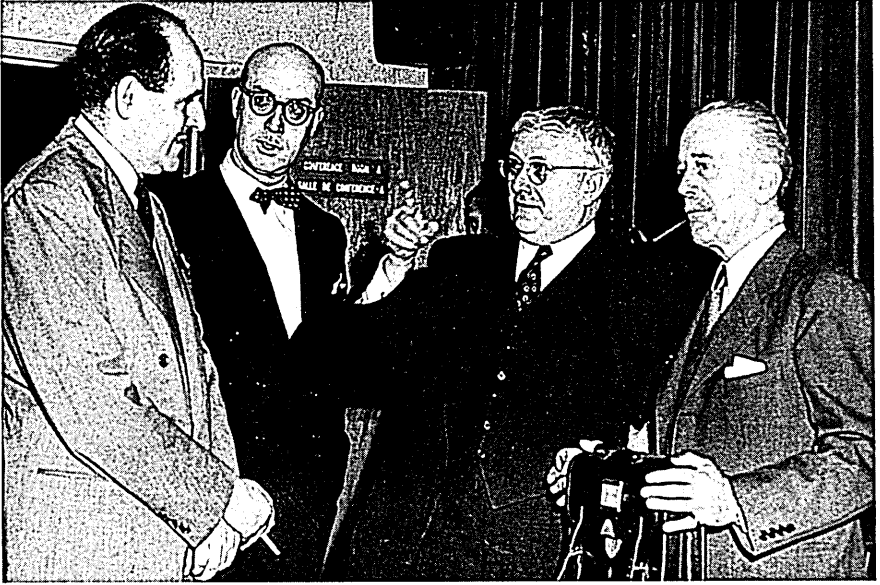


PA-182708

Members of the Canadian Delegation to the Third Session of the General Assembly of the United Nations. L. to r.: R.G. Riddell, General A.G.L. McNaughton and A.D.P. Heeny.

U.N. Photos

Les membres de la délégation canadienne lors de la 3^e session de l'Assemblée générale des Nations Unies. De g. à d. : R.G. Riddell, le général A.G.L. McNaughton et A.D.P. Heeny.



PA-182711

U.N. Photos

Delegates at the Third Session of the General Assembly of the United Nations. L. to r.: George Ignatieff, Guy de la Tournelle (France, alternate representative), Herbert V. Evatt (President of the General Assembly and Minister of External Affairs of Australia) and Sir Alexander Cadogan (Permanent Representative of United Kingdom).

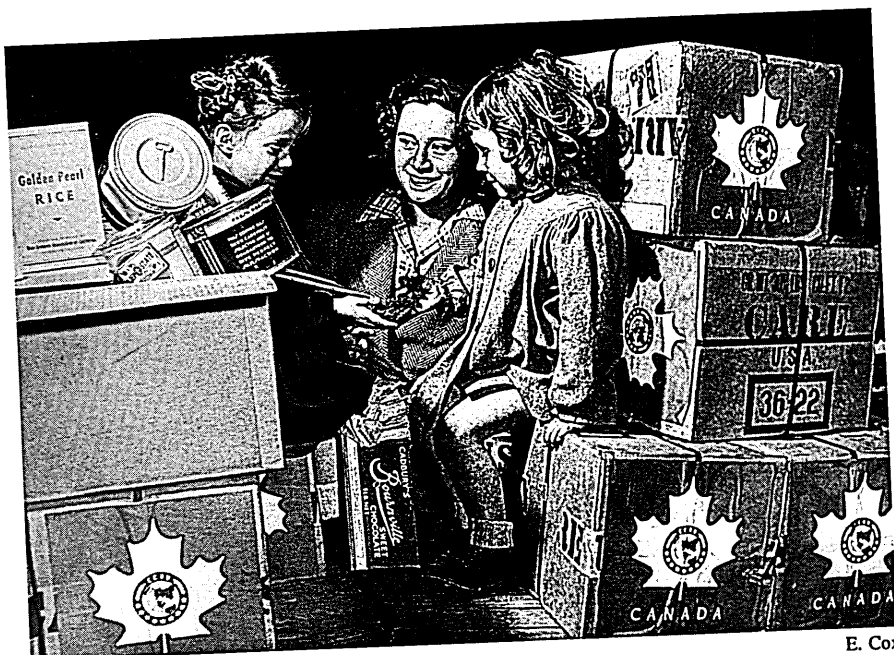
Les délégués à la 3^e session de l'Assemblée générale des Nations Unies. De g. à d. : George Ignatieff, Guy de la Tournelle (représentant alternatif de la France), Herbert V. Evatt (président de l'Assemblée générale et ministre aux Affaires étrangères de l'Australie), et sir Alexander Cadogan (représentant permanent du Royaume-Uni).



PA-182706

Jean Décy, Ambassador in Italy and President of the General Council of the International Refugee Organization, with George Warren, Delegate of United States to I.R.O. General Council.

Jean Décy, ambassadeur en Italie et président du Conseil général de l'Organisation internationale des réfugiés, avec George Warren, délégué des États-Unis au Conseil général de l'O.I.R.



PA-182707

A French schoolteacher and two girls opening boxes of food and supplies sent by the Canadian Council for Reconstruction through UNESCO at the École normale, Paris, March 1949.

E. Cox

Un professeur français et deux étudiantes ouvrent des boîtes de nourriture et de provisions fournies par le Conseil canadien de la reconstruction, par l'entremise de l'UNESCO, à l'École normale, Paris, mars 1949.

PROGRAMME DES SEA

CONFERENCE ROOM	CONFERENCE ROOM	CONFERENCE ROOM 3	CONFERENCE ROOM 4	CONFERENCE ROOM 5	CONFERENCE ROOM 6	CONFERENCE ROOM 7		CONFERENCE ROOM 8	CONFERENCE ROOM 9	CONFERENCE ROOM 10	CONFERENCE ROOM 11	CONFERENCE ROOM 12
							MONDAY					
							LUNDI					
							TUESDAY					
							MARDI					
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							JEUDI					
							FRIDAY					
							SATURDAY					
							SUNDAY					
							MONDAY					
							LUNDI					

PA-182709

Women representatives at the opening of the Fourth Session of the General Assembly of the United Nations (September 1949). L. to r.: Ulla Lindstrom (Sweden), Sucheta Kirpalani (India), Barbara Castle (United Kingdom), Senator Cairine Wilson (Canada) and Eleanor Roosevelt (United States).

U.N. Photos

Des représentantes féminines à l'ouverture de la 4^e session de l'Assemblée générale des Nations Unies (septembre 1949). De g. à d. : Ulla Lindstrom (Suède), Sucheta Kirpalani (Inde), Barbara Castle (Royaume-Uni), la sénatrice Cairine Wilson (Canada) et Eleanor Roosevelt (États-Unis).

CHAPITRE PREMIER/CHAPTER I
CONDUITE DES RELATIONS EXTÉRIEURES
CONDUCT OF EXTERNAL RELATIONS

PREMIÈRE PARTIE/PART 1

MODIFICATIONS APPORTÉES À LA CONSTITUTION DU CANADA
AMENDMENT OF CONSTITUTION OF CANADA

1. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction
Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, November 14, 1949

...

PROPOSED AMENDMENT TO THE CONSTITUTION OF CANADA

20. *Mr. [K.T.] Burbridge* reported that a resolution approving the Address to the King requesting the latest amendment to the British North America Act, 1867, was adopted by the House of Commons on October 27 and by the Senate on November 9. The formal engrossed Address was signed by the Speakers of both Houses on Thursday morning, November 10. It was immediately presented by them to the Governor General, who on the same day transmitted it by air to the King's Secretary in London. The United Kingdom High Commissioner's Office, the Secretary to the Governor General and the Canadian High Commissioner in London were informed in advance of the text of the Address and of the proposed amendment, with the result that on November 10 the Government and the Department were informed by the Private Secretary to the King (through the Office of the Governor General) and His Majesty was pleased to approve the Petition and that steps were being taken to introduce the necessary legislation in the United Kingdom Parliament.¹

21. The text of the proposed amendment reads:

"1. Section ninety-one of the British North America Act, 1867, is amended by renumbering Class 1 thereof as Class 1A and by inserting therein immediately before that Class the following as Class 1:

"1. The amendment from time to time of the Constitution of Canada, except as regards matters coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the Provinces, or as regards rights or privileges by this or any other constitutional Act granted or secured to the Legislature or the Government of a Province, or to any class of persons with respect to schools or

¹ Ce projet de loi fut sanctionné le 16 décembre 1949.
The legislation received Royal Assent on December 16, 1949.

as regards the use of the English or the French language, or as regards the requirements that there shall be a session of the Parliament of Canada at least once each year, and that no House of Commons shall continue for more than five years from the day of the return of the Writs for choosing the House; provided however, that a House of Commons may in time of real or apprehended war, invasion or insurrection be continued by the Parliament of Canada, if such continuation is not opposed by the votes of more than one-third of the Members of such House.

"2. This Act may be cited as the British North America Act, 1949 (No. 2), and the British North America Acts, 1867-1949, and this Act may be cited together as the British North America Acts, 1867-1949 (No. 2)."

2^e PARTIE/PART 2

DÉSIGNATION ET TITRES ROYAUX ROYAL STYLE AND TITLES²

PCO

2.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, January 19, 1949

...

ROYAL STYLE AND TITLES

34. *The Secretary of State for External Affairs* reported that the United Kingdom sought the agreement of the government to a change in His Majesty's style and titles in consequence of the withdrawal of Ireland from the Commonwealth. The change suggested was the substitution of "Northern Ireland" for "Ireland".

This raised the larger question whether the government should agree to make the one isolated change in relation to Ireland or whether the opportunity should be taken to suggest wider amendment with a view to removing anomalies to which objection had been taken in Canada.

If it were decided to follow the latter course, several alternatives suggested themselves. One possibility would be to have the King's title differ for each country, so for the United Kingdom it might be "of the United Kingdom and the other nations of the British Commonwealth, King", in respect of Canada "of Canada and the other nations of the British Commonwealth, King".

To permit further consideration of this matter, it was suggested that the U.K. government be informed that we would like to take this opportunity of studying a more general revision of the Royal Style and Titles and would like some time to formulate proposals.

² Voir aussi le chapitre X./See also Chapter X.

(Minister's memorandum, Jan. 17,† and External Affairs memorandum, Jan. 18, 1949†).

35. *The Cabinet*, after discussion, noted the report submitted by the Secretary of State for External Affairs on the request of the United Kingdom for a change in the Royal Style and Titles with respect to Ireland and agreed that the U.K. government be informed of the government's desire to have further time to consider changes of a more comprehensive nature with a view to the submission of proposals.

3. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, February 7, 1949

...

ROYAL STYLE AND TITLES; U.K. REQUEST FOR AMENDMENTS

3. *The Secretary of State for External Affairs*, referring to discussion at the meeting of January 19th, stated that the United Kingdom had again asked that Canada agree to the substitution in the Royal Style and Titles of "Northern Ireland" for "Ireland" and be prepared to take steps to seek parliamentary assent to the change.

A draft reply to the U.K. High Commissioner at Ottawa was submitted and read.

(External Affairs memorandum, Jan. 31, 1949, and attached documents†).

4. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs and agreed that a reply be sent to the U.K. High Commissioner along the lines suggested by Mr. Pearson; viz., the Canadian government agreed that the present expression "Great Britain and Ireland" would be inappropriate on the coming into force of the Republic of Ireland Act and could not, therefore, object to the course proposed to be followed by the United Kingdom; however, the Canadian government did not propose to seek parliamentary approval for any change in the Royal Style and Titles until, in the light of other existing anomalies, a general revision could be put forward after consultation with other Commonwealth governments.

3^e PARTIE/PART 3
ADMINISTRATION

DEA/8508-40

4. *Extrait du procès-verbal de la réunion des chefs de direction*
Extract from Minutes of Meeting of Heads of Divisions

Ottawa, June 24, 1949

SECRET

PERSONNEL

39. Mr. Moran said that an Establishments Committee would be set up to examine the personnel requirements of Divisions in Ottawa and Offices abroad with a view to producing a personnel establishment by numbers and ranks for the Department and all our missions. It was recognized that considerable flexibility would have to be permitted to care for shifting burdens of work but such establishments were necessary to permit long-term planning for recruiting, postings and promotions.

40. Mr. Moran explained that in the immediate postwar years it was accepted by the Civil Service Commission and Treasury Board that large intakes of all ranks would be necessary to enable our programme of expansion to be carried out. Consequently, little difficulty was experienced when submitting our requirements for additional officers. We have now been advised that any further expansion will be subjected to the closest scrutiny and we have been encountering some difficulty in obtaining approval for our present request for twenty-two more junior Foreign Service Officers. After prolonged discussions and the preparation of a number of memoranda, we were successful in having the Civil Service Commission certify to Treasury Board that it was satisfied, after examination, that these additional officers were necessary.

41. When the item was placed on Treasury Board agenda, they asked for additional supporting evidence which was supplied. The Board, at this week's meeting, decided that this was a matter of such importance, particularly at a time when efforts were being made to reduce the size of the Civil Service, that our application would have to stand over until next week's meeting³ when all of the Ministers would be present.

³ La réunion des chefs de direction n'eut pas lieu la semaine suivante. Et comme les comptes rendus des quatre réunions ultérieurs manquaient, aucun rappel ne fut effectué. Les nominations furent ratifiées par le Conseil du Trésor, lequel, plus tard au cours de l'année, régla un autre problème soulevé par l'expansion d'après-guerre—la rapidité du taux des promotions au sein du ministère des Affaires extérieures.

The Heads of Division did not meet in the week following, and records of the next four meetings are missing, so there was no follow-up report. The appointments were approved by Treasury Board, which later in the year devoted similar attention to the rapid rate of promotion in the Department of External Affairs, another consequence of the postwar expansion.

42. It was explained in our submission to Treasury Board that among the factors which have contributed to our existing personnel deficiencies are:

(1) *Wastage* by transfers and attachments to other establishments amounting to twelve during the past year.

(2) *Separations*—Three officers;

(3) *New Offices Abroad*;

(4) *Specialized Training*—Soviet Union, Middle East, Far East;

(5) *International Conferences*;

(6) *Atlantic Pact*;

(7) *General Understaffing*—both in Ottawa and abroad;

(8) *Replacements for Retiring Officers*.

The Secretary of the Treasury Board has supplied some written comments on our brief in which he is in general agreement with most of our arguments but it is interesting to note that on the heading of *Understaffing* he comments as follows;

"I am somewhat concerned at the comments you make on understaffing, as we had not derived a general impression that either your offices abroad or the Department at home was currently short of staff—at least not by comparison with other Departments. However, I understand that it is the intention of the Department to examine required establishments, both at home and abroad, in considerable detail in the next year or two, and no doubt this detailed review will supply the only sort of answer that is satisfactory in regard to a question of this kind."

4^e PARTIE/PART 4
REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE
DIPLOMATIC AND CONSULAR REPRESENTATION

SECTION A

AUTRICHE
AUSTRIA

PCO

5.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

Ottawa, January 29, 1949

TOP SECRET

ESTABLISHMENT OF AUSTRIAN CONSULATE IN CANADA

49. *The Secretary of State for External Affairs*, referring to discussion at the meeting of July 20th⁴, stated that the Austrian government had again expressed a strong desire to obtain Canadian agreement to the establishment of an Austrian Consulate General in Canada.

The Prime Minister had concurred in permission being granted.

(External Affairs memorandum, Jan. 11, 1949, and attached documents†).

50. *The Cabinet*, after discussion, approved the establishment of an Austrian Consulate General in Canada and agreed that the Austrian government be informed accordingly.

⁴ Volume 14, Document 16.

SECTION B

CEYLAN ET PAKISTAN
CEYLON AND PAKISTAN

6.

DEA/11493-A-40

*Note du sous-secrétaire d'État par intérim
aux Affaires extérieures**Memorandum by Acting Under-Secretary of State
for External Affairs*

SECRET

[Ottawa], February 4, 1949

CANADIAN REPRESENTATION IN PAKISTAN AND CEYLON

Pakistan and Ceylon are the only member nations of the Commonwealth in which Canada is not represented by High Commissioners. The practice was developed early in the war of 1939-1945 of exchanging representatives between Canada and other nations of the Commonwealth in addition to the United Kingdom. We also exchanged High Commissioners with Ireland which cannot now be properly regarded as a member of the Commonwealth. This system of representation should probably now be completed by sending High Commissioners to Karachi and Colombo. The new Asian members of the Commonwealth are likely to be sensitive about the equality of their status within the Commonwealth and, sooner rather than later, may indicate their displeasure with the fact that Canada exchanges representatives with all the white members of the Commonwealth, including relatively small countries like South Africa and New Zealand as well as Ireland, which is not a member in good standing of the Commonwealth group, but has so far failed to send representatives to two of the new Eastern members of the Commonwealth.

Pakistan

2. It was agreed and announced on August 15, 1947, the date on which the new state of Pakistan came into existence, that the Governments of Canada and Pakistan would exchange High Commissioners "when this is administratively possible." The announcement went on to say that "as a preliminary step in this direction, it is expected that Trade Commissionerships will be established in each country in the near future."

3. An Acting Canadian Government Trade Commissioner arrived in Karachi on September 1, 1947 and has carried on his duties there since that date. A Trade Commissioner has not yet been sent to Canada by Pakistan. At the beginning of last December we learned that the Pakistan Government was taking steps to appoint a High Commissioner to Canada but up to the present there has been no word of an actual appointment.

4. The reasons that would justify the opening of a Canadian diplomatic mission in Karachi include the following:

(a) Pakistan is the largest Muslim state in population (approximately 70,000,000) and enjoys a key position as a country with close connections in the Middle East as well as roots and influence in South East Asia.

(b) Western Pakistan would have great strategic importance in the event of a war with the Soviet Union. The air bases about Karachi and farther north might well be the most important point for attack on the Soviet Union. Conversely, the defence of Pakistan against Soviet pressure on her North West Frontier is of great value to the Western world.

(c) It is now evident that Pakistan is likely to survive as a separate state for many years. Like India it is now one of the few Asian countries with a strong stable government. Its outlook is both pro-Commonwealth and anti-Soviet.

(d) It would seem important to us to keep ourselves informed of political and other developments in Pakistan, and the aims and problems of her government. For example, on the Kashmir dispute it has been felt that we have been receiving, inevitably, somewhat one-sided reports from our mission in New Delhi.

(e) It may be regarded by Pakistan as a lack of courtesy and a bias in favour of India if we continue for some time without establishing a diplomatic mission in Karachi.

5. The United Kingdom and India have, for obvious reasons, had High Commissioners in Karachi since August 15, 1947. An Australian High Commissioner's Office was opened in Karachi in March 1948 under an Official Secretary, but the appointment of a High Commissioner has not yet been announced. Pakistan has taken no action to send a representative to Canberra.

Ceylon

6. Perhaps the most important reason for establishing representation in Ceylon is the very great strategic importance which Ceylon would have in the event of a general war. The naval and air facilities which Ceylon would provide would be of the greatest value.

7. The present government of Ceylon is clearly very favourable to the Commonwealth connection. It is under some pressure from the extreme Left and would, no doubt, be glad of any support shown by other Commonwealth countries, which would be evidenced by the sending of a High Commissioner. The refusal of the Soviet Union to agree to the admission of Ceylon to the United Nations has clearly caused great concern and some embarrassment to the government of Ceylon. It has perhaps given some comfort and even political support to the Left-wing elements.

8. The question of Canadian representation in Ceylon came up for consideration by the government early in 1948. When Mr. Kearney was in Colombo in February the question came up in a discussion with the Prime Minister of Ceylon as to whether Mr. Kearney might not be accredited to Ceylon as well as to India. Mr. Senanayake desired to have this arrangement made and proposed in turn to accredit the Ceylon High Commissioner in London to Canada. Mr. Kearney was in favour of the idea, particularly because in the event of the evacuation of Europeans from India to Ceylon it would be desirable to have some Canadian representation in

Colombo, and furthermore, a visit to Colombo in the summer months would be a good change from the intense heat of New Delhi.

9. The matter was submitted to Cabinet which on May 6, 1948 decided against the extension of representation to Ceylon. It agreed that for the present an exchange of representatives with Ceylon was inadvisable and that any matter which Ceylon might wish to discuss with the government could be taken up with the representative of Ceylon in the United States if the Ceylon government so desired.

10. In view of these circumstances and of the relatively minor role which Ceylon plays in both Commonwealth and international affairs, it might still be thought best to have our High Commissioner in New Delhi also accredited to Ceylon, with a fairly junior officer located in Colombo throughout the year. Generally speaking, relations between India and Ceylon are good, although there is some disagreement over the entry to Ceylon of Indian immigrants and much discussion regarding the rights and disabilities of Indians resident in Ceylon.

11. It might be added that the United Kingdom, India and Australia have High Commissioners in Colombo.

E[SCOTT] R[EID]

7.

DEA/11493-A-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, July 13, 1949

MISSION IN PAKISTAN

If we are to open a Mission in Pakistan, early action is desirable with a view to obtaining accommodation because reports indicate there is a very serious building shortage in that country. Before we instruct the Canadian Trade Commissioner in Karachi to commence any negotiations, the Under-Secretary felt that you would wish to make a report to Cabinet and ensure that there are no objections to our proceeding to obtain an option in the event that a suitable building can be located.

2. To enable you to make this report to Cabinet I attach a departmental memorandum dated July 12 on the subject. The case for establishing such an office is set forth in paragraph 3, perhaps in somewhat greater detail than you will require. The principal arguments are reciprocity, the importance of Pakistan as a Muslim and

anti-Communist country, its membership in the Commonwealth, its strategic location and the opportunities for developing Canadian markets in Pakistan.⁵

H.O. M[ORAN]
for A.D.P. H[eeney]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[Ottawa], July 12, 1949

SECRET

ESTABLISHMENT OF MISSION IN PAKISTAN

It was agreed and announced on August 15, 1947, the date on which the new state of Pakistan came into existence, that the governments of Canada and Pakistan would exchange High Commissioners "when this is administratively possible". The announcement went on to say that "as a preliminary step in this direction, it is expected that Trade Commissionerships will be established in each country in the near future."

2. A Canadian Government Trade Commissioner took up his duties in Karachi on September 1, 1947. A Trade Commissioner has not been sent to Canada by Pakistan. However, on April 4, 1949 the Pakistan Government indicated its desire to appoint Mr. Mohammad Ali as its first High Commissioner to Canada. This appointment was agreed to and announced in Karachi on April 8. Mr. Baig came to Ottawa from the Pakistan Embassy in Washington on May 25 to open the mission as Acting High Commissioner. Mr. Mohammad Ali arrived in Ottawa on July 9.

3. The case for opening a Canadian diplomatic mission in Karachi may be set forth as follows:

(a) As we are publicly committed to exchange High Commissioners with Pakistan, and Pakistan has already taken action, it would be discourteous to delay very long before making our reciprocal appointment. Any long delay might be misinterpreted by Pakistan as prejudice in favour of her rival and bigger Commonwealth country, India, where our Office has now been set up for over two years.

The United Kingdom and India have, for obvious reasons, had High Commissioners in Pakistan since August 1947; an Australian Office under an Official Secretary was opened in Karachi in March 1948, and an Australian High Commissioner was recently appointed. Pakistan has not yet sent a representative to Canberra because, we understand, of lack of personnel.

(b) Pakistan is by far the largest Muslim state in population (approximately 74,000,000), though not in area, and enjoys a key geographical position as a country with close connections in the Middle East, based on ties of religion and culture,

⁵ Sanctionnée par le Cabinet le 13 juillet 1949. La nomination de David Moffat Johnson, à titre de haut-commissaire du Canada au Pakistan, reçut l'approbation du Cabinet le 18 novembre 1949. Approved by Cabinet on July 13, 1949. The appointment of David Moffat Johnson as High Commissioner for Canada in Pakistan was approved by Cabinet on November 18, 1949.

as well as links with and influence in South-East Asia, through the location of East Pakistan.

(c) It is now evident that Pakistan, although a somewhat artificial creation, will survive as a separate state for an indefinite period. Like India, it is now one of the few Asian countries with a strong, stable government. It is anti-Communist in its outlook and should be encouraged in every possible way to resist the spread of Communism both within Pakistan and among its neighbours. We should do our share in maintaining and strengthening the Western influences in Pakistan. Pakistan favours continued membership in the Commonwealth and has advocated closer Commonwealth co-operation and consultation. It has, however, on occasion been critical of what it considers to be lack of support from Commonwealth countries. It is uncertain at present whether Pakistan will continue its present form of membership in the Commonwealth or whether it will follow the example set by India and establish a republic within the Commonwealth. It seems important that we should, by the sending of a High Commissioner, indicate that we attach importance to Pakistan's membership in the Commonwealth and that we do not relegate Pakistan to a less favoured position than India.

(d) Because of the strategic value of Pakistan's location, it would appear that Canada should make some effort to cultivate good relations and to understand Pakistan affairs. Pakistan, particularly West Pakistan and the air bases about Karachi and further north, would have great strategic importance in the event of a war with the Soviet Union. The defence of Pakistan against Soviet pressure on her North-West Frontier is of great value to the Western Powers, and might be vital in keeping the Persian Gulf open in the event of war.

In addition, as Pakistan has demonstrated her interest in what Canada is doing in the defence field by sending a military mission to Ottawa, it is felt we should do what we can, despite the security difficulties, to develop closer relations in this field.

(e) It would seem important to keep ourselves informed of political, economic and other developments in Pakistan and the aims and problems of her government, partly for the reason given in (d) above. The opening of a mission would seem to be the only way to obtain adequate and systematic reports on Pakistan. For example, on the Kashmir dispute it has been felt that we have been receiving, inevitably, somewhat one-sided accounts from our mission in New Delhi. It is desirable to obtain an understanding of Pakistan's views on her relations with India on Kashmir and other questions, as well as of Pakistan's present tense relations with Afghanistan.

(f) Over a period of time there should be great possibilities for expanding Canadian exports to Pakistan, particularly if the Pakistan Government pursues its declared policy of industrialization. Pakistan, in contrast to India, has enjoyed a favourable trade balance and has recently been in the perhaps unique position of being a net earner of United States dollars. The Pakistan Government, through its officials in Washington, have placed substantial orders for military equipment with Canadian Arsenals Limited. This has occasioned a number of visits to Ottawa by Pakistani missions and officials, including the Ambassador in Washington, and the

military mission at present in Ottawa. It seems that Pakistan took the initiative in opening an office here because of its great interest in obtaining military and other supplies from Canada. Their officials have said on several occasions that Pakistan has dollars to spend in North America on munitions and capital goods.

The interests of Canadian companies in Pakistan are now not large but may be expected to grow. Pakistan desires to encourage "foreign" investment and apparently would particularly welcome Canadian capital. Pakistan also desires technical assistance from abroad and plans to send personnel to other countries, including Canada, for advanced education, especially technical training.

(g) The Canadian community in Pakistan is at present small, and there are consequently limited consular responsibilities, but the number of Canadians is likely to increase, especially if business with Pakistan grows.

Personnel Establishment

4. It is thought that, owing to conditions in Karachi, including the problems of day-to-day housekeeping or administrative work in an Eastern country, the need for special summer leave because of the climate, as well as the division of the country into two regions, our mission should have the following Canadian personnel:

High Commissioner
 First Secretary
 Third Secretary
 Canadian male clerk
 2 or 3 women stenographers

At the beginning, it is thought that the officers should preferably be unmarried because of the difficulty in securing suitable accommodation.

In addition, some locally hired staff would be required. The present Trade Commissioner in Karachi would presumably become Commercial Secretary of the mission and would continue to have his work done by locally-hired clerical staff.

Appropriation

5. Approximately \$35,000 is available in the Estimates for the opening of an Office in Karachi during the financial year ending March 31, 1950. This should, of course, be regarded as an appropriation for operation during part of a year only. (These Estimates have not yet been voted by Parliament: during Interim Supply about half of \$35,000 would be available.)

Accommodation

6. As Karachi only recently became a national capital, and has had an enormous increase in population as a result of the war and the creation of the new state, accommodation of all kinds is exceedingly difficult to obtain. A number of diplomatic missions already in Karachi have apparently not been able to obtain more than a very few rooms in the principal hotel for both living and office purposes. However, our Trade Commissioner in Karachi has reported recently on plans to build new office premises and residential bungalows. He is being encouraged to endeavour to have suitable office and living quarters for the Canadian staff of a

mission earmarked for our future use, in the building projects now being planned, without as yet making any definite commitments. It is still uncertain what accommodation would be immediately available for a mission in the next few months.

Ceylon

7. When we send a High Commissioner to Karachi, Ceylon will be the only member-nation of the Commonwealth in which Canada will not be represented. On May 6, 1948 Cabinet decided, for the time being, against having our High Commissioner in New Delhi jointly accredited to Colombo. Because of Ceylon's relatively minor importance in Commonwealth and world affairs, it is probably unnecessary for us to take any initiative now, and we can await a move from the Ceylonese authorities. Owing to their lack of personnel and limited resources, an approach from Ceylon seems unlikely for some time, though our action on Pakistan may perhaps prompt Ceylon to initiate an exchange of High Commissioners.

8.

DEA/9965-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 15, 1949

EXCHANGE OF REPRESENTATIVES BETWEEN CANADA AND CEYLON

Even if you do not wish to open the question yourself, it is possible that during your visit to Colombo the Prime Minister of Ceylon will enquire concerning the possibility of exchanges of representatives between his country and Canada. I understand from Mr. Chipman that you had indicated to him that he might be accredited to Ceylon as well as to India. When I appeared before the Standing Committee on External Affairs on November 22, the matter of opening a Canadian mission in Colombo was discussed; I stated that I was not in a position to indicate what action the Government might take. Next year's estimates contain, under the item for new missions, provision for the cost of opening an office in Colombo in case the Government should decide to take this action.

2. Following the opening of our mission in Karachi, Ceylon will be the only member of the Commonwealth in which Canada maintains no representation. The Soviet veto of the proposal for Ceylon's membership in the United Nations undoubtedly gives Ceylon a feeling of isolation. It would be unfortunate to have this increased by any impression that Canada is not interested in maintaining normal Commonwealth contacts.

3. Ceylon's evolution to autonomy within the Commonwealth followed a less painful and indeed a much more happy course than was followed by India and Pakistan. As a consequence, there is considerably more pro-British feeling in Ceylon than in the other two Asian Commonwealth countries. This, added to the relative military weakness of Ceylon, is responsible for the arrangement under which

the naval bases of Colombo and Trincomalee are at the disposal of the Royal Navy and the Commander-in-chief of the new Ceylonese army is a United Kingdom officer.

4. It is probable that Ceylon places a special value on the Commonwealth connections because of her very natural fear of her large neighbour. The historic, political and economic bases of this fear are summarized in the attached memorandum† on relations between Ceylon and India. These factors explain, in part at least, the unusual treaty relationship between Ceylon and the United Kingdom.

5. The war gave a great impetus to trade between Canada and Ceylon. During the period 1935-39 Canada imported from Ceylon goods (mainly tea, rubber and coconuts) at the average annual value of \$4,015,000. In 1947 imports reached the record amount of \$11,653,000. On the export side Canadian trade with Ceylon has made still sharper gains. During the years 1935-39 the average annual value of our exports to Ceylon was \$246,000. In 1945 exports totalled \$8,290,000 though they dropped to \$4,079,000 in 1947.

6. At the present time no representative of the Trade Commissioner service is stationed in Ceylon as that country falls within the territory of the Acting Commercial Secretary in Bombay. There would seem to be a sufficient volume of trade, actually existing and with still greater possibilities for the future, to warrant the appointment of a resident Commercial Officer for Canada. At the moment members of the Trade Commissioner service are stationed in New Delhi and Bombay.

7. If Trade and Commerce were to post a suitable officer to Colombo he might serve as Acting High Commissioner during the absence of Mr. Chipman, so long as the latter has the dual appointment. (Mr. Chipman may want to remain in Colombo for the greater part of the months from May to September when the climate in New Delhi is particularly trying). An alternative would be to post a junior Foreign Service Officer to Ceylon. From this distance there seems to be a real question as to whether an External Affairs officer would be appointed for the present at least. You might well feel that a Third Secretary who could deal with such political and consular problems as may arise should be stationed there.

8. It is assumed that eventually there will be an exchange of High Commissioners (or Ambassadors) between Canada and Ceylon but for the time being I think that Ceylon's personnel problems are perhaps even more difficult of solution than our own. Even if no appointment is made immediately, it is to be anticipated that the Ceylonese authorities would be pleased to learn that you have been giving thought to the appointment of a Canadian representative to Ceylon.

9. You may wish to mention this matter to the Prime Minister or in Cabinet. Presumably decision will be deferred until you return from Colombo.

A.D.P. H[EENEY]

SECTION C

CHINE
CHINA

9.

DEA/11336-62-40

Note pour le secrétaire d'État aux Affaires extérieures
Memorandum for Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], April 9, 1949

CONVERSION OF CANADIAN EMBASSY OFFICE IN SHANGHAI INTO A
CONSULATE-GENERAL

The Department has had under consideration for some time now the desirability of consolidating the offices of the Department of Trade and Commerce and the Department of External Affairs in Shanghai into a Consulate-General. For many years a Canadian Trade Commissioner had been stationed in Shanghai. In 1946 the Department of External Affairs assigned a Junior Officer to the Canadian Embassy in Nanking to take care of consular, immigration and political work that required attention in Shanghai. Colonel L.M. Cosgrove, Senior Canadian Trade Commissioner in China, who has had a concurrent designation of Commercial Counsellor of the Embassy, left Shanghai a few days ago to return to Canada. This leaves a Junior Trade Commissioner of the Department of Trade and Commerce and a Junior Secretary of the Department of External Affairs in Shanghai.

2. Shanghai is the greatest city in East Asia, with a population of seven million. It is the commercial, financial, industrial, news distribution and radio centre of China. The majority of Canadian commercial interests are concentrated there. Regardless of any change in Government, Shanghai will retain its importance. The city faces a grave period ahead as the Communists have already extended their power to the north bank of the Yangtze River and are threatening an early crossing.

3. Under these circumstances it seems wise to have a senior and experienced officer of the Department in charge of the Shanghai Office. Dr. G.S. Patterson, who served as Counsellor in Chungking, Nanking and Tokyo and as Canadian Representative on the United Nations Temporary Commission on Korea, is available to go to Shanghai immediately. In order to give a status that would parallel that of other foreign consular representatives in Shanghai and that would enable him to deal satisfactorily with the local Chinese authorities it is proposed that he should be designated Consul General. He would occupy existing office space and would not require additional staff. The Department of Trade and Commerce concurs in this appointment.

4. The Honourable T.C. Davis, Canadian Ambassador to China, expects to sail from Shanghai on May 26 to return to Canada for consultation and a short period of leave. In order that Dr. Patterson may reach China before Mr. Davis leaves it has

been tentatively arranged, pending Cabinet approval of his appointment, that he should sail from San Francisco on April 29.⁶

SECTION D

COLOMBIE, URUGUAY ET VENEZUELA
 COLOMBIA, URUGUAY AND VENEZUELA

10.

DEA/1082-40

*Note du sous-secrétaire d'État aux Affaires extérieures
 pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
 to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 5, 1949

POSSIBLE EXTENSION OF DIPLOMATIC RELATIONS WITH LATIN-AMERICAN COUNTRIES

You will recall that during the course of the visit of the Colombian Foreign Minister to Ottawa last July, Dr. Zuleta brought up the question of an exchange of diplomatic missions between Canada and Colombia. You then asked that a general review be made of our commitments to open new posts in Latin America, in order to ascertain how Dr. Zuleta's request fitted in.

2. Of those Latin-American countries with which we have not as yet exchanged missions, there remain only three to which I think we need give serious consideration: Uruguay, Colombia, and Venezuela. With Uruguay and Colombia we have already made definite commitments, whereas with Venezuela the question has been discussed without any firm promise being made on our part. The position with regard to these three countries is briefly as follows:—

I. Uruguay

3. The establishment of diplomatic relations with Uruguay was approved in 1944 by the then Prime Minister after receiving an official request from the Uruguayan Government. That government was informed that "we would be glad to receive a mission from the Government of Uruguay on the understanding that we should reciprocate when circumstances permit." In April 1947 the Uruguayan government again raised the question and upon receiving an answer in similar terms proceeded with the appointment of a Minister, Dr. Cesar Montero, who presented his credentials in March 1948.

4. The case for early reciprocation can be set forth as follows:

(a) It is now nearly two years since the Uruguayan Minister arrived in Ottawa and any further delay in reciprocation is likely to cause offence. Furthermore, it will be difficult to explain to the Uruguayan authorities our inability to reciprocate

⁶ Sanctionné par le Cabinet le 12 avril 1949.
 Approved by Cabinet on April 12, 1949.

for the present either on grounds of lack of personnel or for budgetary reasons, or both, should we first exchange missions with Colombia and Venezuela.

(b) Uruguay has a good record of democratic and progressive government, exceeding by far that of any other Latin-American country, and during the war was consistently anti-Axis in sentiment. It has always had strong sentimental ties with the United Kingdom and the Commonwealth. It has also become a home for political refugees from Argentina, and as such would be a useful post to supplement reports received from that country.

(c) Uruguay is generally acknowledged to be, with Cuba, one of the two most important centres of communist activity in Latin America and the Soviet Legation in Montevideo the principal centre from which Communist parties in the various Latin-American countries receive their instructions, propaganda, finance, etc. A mission in this capital would therefore be valuable in attempting to keep track of such activities.

(d) The only Canadian representative accredited to Uruguay is a Trade Commissioner who resides in Buenos Aires. His position would be greatly enhanced by according him diplomatic status in respect of Uruguay.

(e) Canadian trade with this country has increased appreciably over the past years, as will be seen from the following figures:

<i>Year</i>	<i>Imported from Uruguay</i>	<i>Exported to Uruguay</i>
1926	\$ 88,134	\$ 3,092,984
1931	111,025	529,103
1936	116,535	405,293
1941	688,378	930,610
1946	617,552	2,670,524
1948	714,218	11,200,925

In 1948, the total trade between Canada and Uruguay was greater than Canada's total trade with either Peru or Chile, with whom we already have diplomatic relations.

(f) The principal Canadian interest in Uruguay is the Royal Bank of Canada, which enjoys a good reputation in banking and commercial circles.

5. In considering the manner in which we might proceed, there are three possible courses:

(a) Establishment of a joint mission with Argentina.

(b) Establishment of separate post with a separate Minister, or placed initially under a Chargé d'Affaires as we did in Stockholm.

(c) Accreditation of the Ambassador in Buenos Aires as Minister to Uruguay but with an office in Montevideo under a Chargé d'Affaires, except during those periods of time when the Minister would be in Montevideo.

6. It is not felt that (a) would provide an adequate solution. When we had such a mission for Argentina and Chile, the absence of a resident officer in Santiago caused inconvenience for all concerned: The Chilean Government, the Canadian colony, the British Embassy, and the Legation itself. Moreover, when in 1944 we

first agreed to an exchange of missions, we informed the Uruguayan Government that we expected to accredit the same Canadian representative to Montevideo and Buenos Aires; our intention was apparently interpreted as meaning that no office would be maintained in Montevideo and the Uruguayan Government did not view this suggestion favourably. When, in April 1947, the Uruguayan government once again raised the question, no reference was made to sharing a Head of Mission with Argentina, and shortly after Dr. Montero was appointed Minister.

7. Course (b) would, of course, be the ideal, but would involve a greater expenditure. It is estimated that a mission on this basis would cost in the neighbourhood of \$50,000 annually. In addition to a Minister, the mission would require an F.S.O. I or II, two Canadian stenographers, and the usual locally engaged personnel (bilingual stenographer, messenger boy, receptionist, etc.).

8. Course (c) might provide a temporary solution, but in view of Uruguay's previous attitude it would be desirable, if you agree, to make an approach through the Uruguayan Minister here in order to ascertain whether this course would be acceptable, emphasizing that this arrangement would be but a temporary one and that for the moment it would not be possible to appoint a resident Minister. Such an arrangement, which would call for an F.S.O. III or IV as Chargé d'Affaires (with one Canadian stenographer and locally engaged staff), it is estimated would cost approximately \$32,000 annually.⁷

II. Colombia

9. Colombia first requested an exchange of diplomatic missions in 1942. After receiving repeated requests, the Prime Minister agreed in November 1947 to the establishment of a Colombian diplomatic mission in Ottawa on the understanding that no assurance could be given with regard to the date of the establishment of a Canadian mission in Bogota. This invitation was communicated to the Colombian Government. A further request made in the form of a telegram from the President of Colombia to the Prime Minister was received in February, 1948 and in replying we reiterated our previous invitation and added that insofar as reciprocation was concerned, this "may prove feasible sometime in 1949". The Colombian Government took no action with regard to this renewed invitation but apparently have not lost sight of the matter, since Dr. Zuleta raised the question in the course of his conversation with you. You replied to the effect that you hoped it would be possible for us to make arrangements to establish a mission in Bogota in the near future. Since Dr. Zuleta's visit to Ottawa, we have again been approached by him through our Ambassador in Washington. On that occasion, Mr. Wrong replied in the same vein.

10. When the question of an exchange of missions with Colombia was previously considered, it was suggested that we establish a joint mission with Venezuela. Discreet inquiries, however, revealed that Colombia and Venezuela would only be willing to share an Ambassador provided he were to reside permanently in their

⁷ Note marginale:/Marginal note:

I think we should try this LB P[earson]

respective capitals. It is therefore assumed that we should only consider a separate mission in Bogota. The case for this mission may be stated as follows:

(a) Colombia ranks as the fourth largest nation in Latin America and until recently had a good record of internal stability and democratic government. At the present moment, in common with other Latin-American nations, it is facing serious economic difficulties stemming principally from the shortage of exchange, inflation, and high living costs. However, observers are generally agreed that once these difficulties have been overcome, the country will develop rapidly and in the long run will rank next to Argentina and Brazil among the leading Latin-American republics. During the war, Colombia had a consistent anti-Axis record and was among the first South American republics to sign the United Nations Declaration.

(b) Canada has substantial economic interests in Colombia. Canadian firms operating in this country include the Tropical Oil Company, a subsidiary of the International Petroleum Company of Toronto, the Royal Bank of Canada (four branches), the Confederation Life Assurance Company, the Pato Consolidated Gold Dredging of Vancouver, capitalized at \$5,000,000, and the Nechi Consolidated Gold Dredging of Vancouver, capitalized at \$4,000,000.

(c) Canada's trade with Colombia in 1948 totalled over \$16,000,000, more than double our total trade with both Chile and Peru. In this respect, Colombia ranks seventh as a Latin-American market. The Department of Trade and Commerce consider that Colombia will eventually prove a more important market for Canadian goods than Cuba, Chile and Peru. As a whole, Canada's trade with Colombia in recent years has shown a substantial increase, as the following table will show:

<i>Year</i>	<i>Imports from Colombia</i>	<i>Exports to Colombia</i>
1926	\$ 1,040,408	\$1,019,034
1931	5,051,350	648,911
1936	4,669,526	1,064,660
1941	12,912,526	1,791,755
1946	9,708,416	8,930,005
1948	8,667,804	8,406,104

The principal commodity which Canada imports from Colombia is coffee. The principal Canadian exports are newsprint, aluminum products, machinery and wheat.

(d) There are approximately 250 Canadian citizens resident in Colombia. The majority of these are employees of the firms mentioned in (b) above.

(e) Of late, there has been a considerable increase in consular work, which in the absence of a Canadian diplomatic mission has to be handled by the British Embassy (the Trade Commissioner's office, however, handles passport work). An additional burden is therefore being placed on the British Embassy which is already short of staff.

(f) There is a great deal of goodwill for Canada in Colombian business and governmental circles. In part, this goodwill stems from a long historical attachment to Great Britain and the British Commonwealth; it also arises from an admiration of

Canada's war effort by a population only a little larger than Colombia's. The office of the Trade Commissioner in Bogota is repeatedly being called upon to answer queries concerning Canada and requests for assistance in placing students in Canadian schools and universities. At the present moment there are approximately 125 such students in Canada.

11. On the basis of current costs, it is estimated that the annual expenditure necessary for an Embassy in Bogota would be approximately \$55,000. The establishment would be made up of a head of Mission, 1 F.S.O. I or II, two Canadian stenographers, 1 locally engaged stenographer, 1 locally engaged clerk, and a messenger boy.

III. Venezuela

12. Venezuela has been particularly pressing in its request and in July 1946 the Prime Minister authorized a circumstantial communication to the Venezuelan Government, stating that

"it would be much more convenient from the point of view of the Canadian Government if the opening of the Venezuelan mission might be delayed *for a short time*. The Canadian Government will then be in a better position to receive a mission from Venezuela—the appointment of which it would cordially welcome and which the Canadian Government would wish to avail itself of an early opportunity to reciprocate."

13. On the occasion of the inauguration of President Gallegos of Venezuela in February last year, Mr. Strong, as Special Ambassador, on instructions assured the Venezuelan Foreign Minister that "we have Venezuela very much in mind" and that "we sincerely hope that 1949 *might* find us in a position to consider definite action."

14. The case for an exchange of missions with Venezuela may be set forth as follows:

(a) Canada has substantial economic interests in Venezuela. The Royal Bank of Canada operates three branches. There are also local offices of the Confederation Life Assurance Company of Canada, and the Crown Life Insurance Company. In the field of petroleum, International Petroleum has a share interest in properties operated by the Mene Grande Oil Company, a subsidiary of Gulf Corporation. Canadian mining companies which own concessions are Guayana Mines Limited (Ventures Limited of Toronto), the International Nickel Company, the Asbestos Corporation, the Patrick Mining Company (New York and Toronto). In addition, the C.A. Energia Electrica de Venezuela is controlled by Canadian capital and there is a large Canadian capital investment in the Industrial and Development Corporation of Venezuela.

(b) There has been a substantial increase in the volume of trade for the past ten years. It is not expected in the predictable future that Venezuela will encounter any exchange difficulties. Venezuela as a result has become Canada's best export market in Latin America. The *modus vivendi* signed in 1941 has now expired and it is possible that the Venezuelan Government will ask for the establishment of diplomatic relations as one of the conditions for its renewal. At the present moment

Venezuela is Canada's principal supplier of petroleum. Following are comparative trade figures:

<i>Year</i>	<i>Imported from Venezuela</i>	<i>Exported to Venezuela</i>
1938	\$ 1,469,000	\$ 1,256,000
1947	46,688,000	12,959,000
1948	94,758,000	16,935,000

(c) Owing to the latent discordance between Colombia and Venezuela, it would be desirable to establish diplomatic relations with both countries at the same time. These two countries are equally proud of their position in the Latin-American economy and of their recent material progress.

(d) The fact that we already have a Consulate General in Caracas has served to identify Canada as an independent nation, but the Consul General as such does not of course enjoy the same status or facilities as would the head of a diplomatic mission, and is therefore unable to conduct negotiations with the Foreign Office as would be desirable.

15. It is estimated that the annual cost of an Embassy in Caracas would be approximately \$90,000. The establishment would include in addition to the Head of Mission, an F.S.O. I or II, two Canadian stenographers, and the usual locally engaged personnel.

16. *Recommendations*

(a) Since the Uruguayans have already opened a Legation in Ottawa, I think we have a prior obligation to reciprocate with them before establishing relations with either Colombia or Venezuela.⁸

(b) While a case might be made for opening up more or less simultaneously in the three capitals, there are certain political reasons in favour of leaving over the question of establishment of relations with these two countries for reconsideration in six months' time.⁹ At the present moment, Venezuela is governed by a three-man military *junta* which, while not wholly reactionary, is certainly not liberal in its policies and attitudes. It imposes, for example, a strict censorship of the press and Congress does not function. Recent developments in Colombia—declaration of a state of siege, the imposition of censorship and the closing of Congress and so forth—are of such a nature that I do not think this would be a propitious time to announce the establishment of relations. Such a postponement would also enable us to consider both countries simultaneously as would be desirable, once we have been able to regularize our position with regard to Uruguay.

17. I should be grateful to know whether you agree with the above recommendations and particularly whether you think the Uruguayan Minister should be approached along the lines indicated in paragraph 6.

A.D.P. H[EENEY]

⁸ Note marginale:/Marginal note: Yes

⁹ Note marginale:/Marginal note: Yes

SECTION E

TCHÉCOSLOVAQUIE, HONGRIE, POLOGNE ET YOUGOSLAVIE
CZECHOSLOVAKIA, HUNGARY, POLAND AND YUGOSLAVIA

11.

DEA/9959-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], July 29, 1949

OPENING OF HUNGARIAN AND POLISH CONSULATES IN TORONTO

On June 2, 1949, the Hungarian Charge d'Affaires in London enquired if the Canadian government would agree to the setting up of a Hungarian Consulate in Toronto. In February 1948, we had stated that if the Hungarian Government wished to open a consulate general in *Ottawa* we would extend the usual facilities, but we would not be prepared to reciprocate.

2. The Polish Legation here in a note of March 30, expressed the wish to establish a consulate in Toronto (to be responsible for the Provinces of Ontario and Newfoundland (sic)) to take the place of the Consular Division of the Polish Legation in Ottawa.

3. In considering what replies should be given to these two requests, we consulted the State Department and the Foreign Office and also asked the R.C.M.P. for a report on the activities of Communist missions in Canada. We learned from the United Kingdom Foreign Office that it would normally accede to such requests. The State Department, on the other hand, told us that their policy normally was not to permit the establishment of new consular posts in the United States by the Soviet Union or any satellite government. The Commissioner of the R.C.M.P. informed us in a letter of June 29, a copy of which I attach†, that Communist missions in Canada are actively engaged in spreading propaganda, particularly among foreign language groups, and that Toronto is the best location for this type of work.

4. I decided that we should refuse the requests of Hungary and Poland to open consulates in Toronto. In view of our earlier agreement, however, I felt we should allow Hungary to open a consulate in Ottawa.¹⁰ I attach for your information despatches No. 1636† and No. 1637† to London and Note No. 34† to the Polish Minister in Ottawa, dated July 28, relating to these decisions.

5. We have been examining, concurrently with the Hungarian request for consular representation in Canada, a proposal submitted by the Hungarian Legation in London to the Canadian High Commissioner to extend the jurisdiction of their commercial attache to commercial matters in Canada. Canada House is being asked

¹⁰ Note marginale:/Marginal note:
Minister[:] stall on Hungary Aug 1 A H[ecney]

to inform the Hungarian authorities that they might if they wish, assign commercial representation to their consulate in Canada.

A.D.P. H[ENEY]

12.

DEA/9959-40

*Note de la direction d'Europe
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from European Division
to Under-Secretary of State for External Affairs*

[Ottawa], November 8, 1949

SECRET

I attach copies of telegrams Nos. 2039 of October 27 from London,† 1896 of October 27 to London,† and 2050 of October 28 from London.† No. 2039 informs us that applications had been received by the United Kingdom Minister in Budapest for Canadian diplomatic entry visas for a Hungarian, Janos Balasz and his wife. Balasz wished to travel to Canada to take up an appointment with the Hungarian Consulate at Montreal and the Hungarian Chargé d'Affaires was to call at Canada House the next day October 28.

2. In despatch 1636 of July 28† we informed our High Commissioner in London that the Canadian Government would have no objection if Hungary wished to open a consular office in Ottawa, but did not wish to have a Hungarian consulate in Toronto, which they had requested on June 2, 1949. When the Minister discussed this matter with you on August 2, he said that he was not anxious that a Hungarian Consulate be opened in Ottawa. If a note had already gone from Canada House to the Hungarian Legation in London therefore, we should pursue a policy of maximum administrative delay in giving effect to the agreement. As we were able to have the High Commissioner postpone taking action on despatch No. 1636, the views contained in it were *not* transmitted to the Hungarian authorities in London.

3. When the Hungarian Counsellor called at Canada House on October 28 he left a note and an aide memoire informing the High Commissioner that the Hungarian Government have appointed Mr. Janos Balasz as Consul General for Canada. The Hungarians have evidently taken the line that in March 1948 the Government committed itself to permitting the establishment of a Hungarian Consulate General in Canada, although Mr. Robertson's letter of March 5, 1948 had referred specifically to Ottawa. Although Montreal is not mentioned in the aide memoire or note of October 28, it is given as the destination of the proposed Consul General in his request for visas, and this is the first indication we have had that the Hungarian government plan to establish a Consulate in Montreal.

4. I attach a draft despatch, for your signature if you agree, asking our High Commissioner to inform the Hungarians that we do not wish to have any Hungarian consulate in Canada.

T.W.L. M[ACDERMOT]

13.

DEA/9959-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2016

Ottawa, November 15, 1949

SECRET

My telegram No. 1896 of October 27† and your telegram No. 2050 of October 28.†
Establishment of a Hungarian Consulate General in Canada.

2. Although our undertaking to receive a Hungarian Consul General in 1948 is admittedly somewhat embarrassing, we have good reason for reconsidering our position (see my Despatches No. 1407 of June 20† and No. 1636 of July 23†) and in the light of recent developments are under little or no obligation to their government. Macdonnell's application when Chargé d'Affaires in Prague for a visa in February was not answered. We are party to a dispute with Hungary over the implementation of the Peace Treaty. I do not wish therefore to consent to receive their Consul.

3. If you feel you are in a position to take a leaf from their book and stall the request of the Hungarians by withholding an answer of any kind, please feel free to do so. If, however, inaction is not feasible, I should be glad if you would inform the Legation that the whole policy of the Canadian Government with regard to the opening and location of foreign consulates in this country has been and is still under review and that in consequence the Canadian Government does not at this time agree to the establishment of a Hungarian Consulate in Canada.

14.

DEA/10926-40

*Note de la direction d'Europe
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from European Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], November 18, 1949

ARGUMENTS FOR AND AGAINST MAINTAINING CANADIAN DIPLOMATIC MISSIONS IN
SATELLITE COUNTRIES¹¹

1. In a recent endeavour in the Department to determine the value to this country of our diplomatic missions abroad, the functions that might be fulfilled by them were separated according to the following:

(a) Reporting, interpreting, and anticipating political and economic development;

(b) Acting for the government and government Departments (negotiating business, making enquiries, immigration work, etc.);

(c) Representational work: appearance at ceremonies, speaking for and about Canada, showing the flag in general;

(d) Consular work;

(e) Information work.

2. The question now arises: do our posts in Warsaw, Prague and Belgrade justify their very considerable cost by the extent to which they fulfil their functions?

3. A negative answer might be given on the following grounds:

(1) Political and economic reporting and interpretation could be adequately or even better done from United Kingdom, and occasionally United States, sources and by the continuous study of printed sources.

(2) The interpretation of events from a Canadian standpoint which is so important in posts like Washington and Paris is much less so in Eastern Europe where the Canadian view is generally apt to be similar to that of the United Kingdom.

(3) The day-to-day business to be transacted with satellite Governments and in their countries on behalf of the Government is sufficiently slight and infrequent to be conducted easily through United Kingdom missions as is now done, for example, in Bulgaria, Roumania and Hungary, where we have no missions.

(4) Canadian consular work could be satisfactorily handled through United Kingdom offices or, alternatively, through Canadian consular offices alone.

¹¹ Ce brouillon fut rédigé à la demande de Heeney et expédié à Reid pour les commentaires, le 17 novembre 1949. Une évaluation plus précise de la représentation canadienne en Tchécoslovaquie et en Pologne fut rédigée en février 1950.

This draft memorandum was prepared at Heeney's request and forwarded to Reid for comments on November 17, 1949. A more specific assessment of Canadian representation in Czechoslovakia and Poland was prepared in February 1950.

(5) Canada has no missions in Roumania, Hungary and Bulgaria and appears to suffer no especial disability thereby.

(6) In general, Canadian economic and diplomatic interests in this area do not warrant the cost of diplomatic posts. It might be said with some truth that these arguments also apply to others of our smaller posts, for example, Peru, Chile, Cuba and Denmark.

4. On the affirmative side we might say that it is only partly true that the Government would be adequately informed by using United Kingdom and other non-Canadian sources alone. In each of the three satellites, issues have arisen during the past year or two in which the Canadian Government had a particular concern because they were directly related in one way or another to Canadian interests. The Polish art collection, the religious persecutions, and the effect of Tito's movement on Canadian economic policy in Yugoslavia are cases in point. We cannot specify any one report or set of reports from our representatives which may be said to have shaped Canadian policy on these matters directly, but in preparing policy material the despatches and reports accumulated in the Department and the ability to consult our diplomatic representatives on particular points have been useful. Both in the countries themselves and at the United Nations it has been possible to make our position clearer and firmer as a result of having our own diplomatic sources.

5. Our representatives are also useful in welcoming and steering Canadian travellers, in making enquiries about individuals, and in immigration matters where for special reasons responsible discretion is required. These services are seldom urgent or spectacular, but occasions do arise when it is most desirable to have a Canadian representative who can act quickly at the diplomatic level.

6. There is little or no representational work, strictly speaking, in the satellite countries, but the maintenance of a diplomatic mission is proof that the Canadian government does not regard the satellites as doomed to remain permanently behind the Curtain. It preserves one more link between them and the Western world. The mission is also evidence of a common policy of representation with the other North Atlantic countries which maintain offices there and the closing of our missions now might have unfortunate implications. In fact, *the difficulty of withdrawing our diplomatic representation is far from being an insignificant reason for keeping them open*. Economy could hardly be urged as a reason when we retain some of the others, or contemplate opening new posts let us say at the Vatican or in Uruguay. Withdrawal would be regarded as the severance of diplomatic relations.

7. Consular work is not great in Yugoslavia and it may decrease. The office is visited, however, by many Yugoslavs who vainly seek to return or go to Canada. In Prague and Warsaw immigration work takes up the major part of the time of the Legations and the volume is too large to be handed over to the British Embassies. To replace the mission with a consulate would not reduce the cost materially and would deprive it of its diplomatic weight. It would also deprive the offices of the protection, rations, customs and other privileges which go with diplomatic status and are so necessary to maintain any sort of tolerable living in "Transcortainia." At the same time it must be remembered that consular work at these posts may diminish considerably.

8. These missions are unable to perform any appreciable amount of the normal information work. They have been, however, and should become more useful in estimating the value of the programmes of the C.B.C. International Service and in assisting us to advise the C.B.C. about the content and direction of these programmes. We are also informed that Canadian films could be put to good use with small private audiences if they were available.

9. These considerations are based on a comparatively short view of the utility of the missions. In the longer run, there is even more value in building up in the Department a Canadian body of knowledge about the satellite area. As has been suggested above, particular points of policy either in the countries themselves or at the United Nations are materially conditioned by the continuous study of material from those parts in the Department and the sense of actuality created by having direct and immediate contact with our diplomatic representative. By way of illustration and in contrast to this is our position in the Middle East area. Here the making of recommendations on policy is hampered by the fact that we have no body of observation and comment gathered from one or more Canadian representatives through which we can consider matters from a Canadian point of view.

10. Another valuable consequence of these missions is that they are excellent training ground for officers of the Department in an environment whose outlook and development is of great significance. It should be a first charge on the time of an officer to learn the language of the country. Moreover, the more people we have with the experience and knowledge of the Communist way of life and some of the individuals behind the Curtain the better, again especially at the United Nations and international conferences where we sit with representatives of the Communist world.

11. It is difficult to foresee when posts of this kind will assume new and added importance. At one time, for example, the Yugoslavian post appeared to be the most obvious candidate for closure, but that situation has changed and it is now probably as important a mission as any of the three. With the creation of a new East German state and the foreshadowing of a new type of aggression by Soviet Russia in the absorption of the Eastern countries we may soon be confronted with new circumstances in Poland and Czechoslovakia. A last but perhaps not unimportant point is that the maintenance of these missions gives breadth and interest to our foreign service in its own right and offers a special field for Foreign Service Officers who are attracted by or have special aptitude for work in that part of the world.

12. The question is one of principle as well as practical return on money spent. An independent foreign service as widespread as possible is both a symbol and the working instrument of our position in the world. It is not apparent that that position is growing any less in importance. To maintain it we should, I think, defend the potential as well as the actual and immediate utility of our missions behind the Curtain.

13. The cogency of many of the arguments for maintaining the posts is directly related to the rank and ability of the head of the mission.

14. Mr. Macdonnell and Mr. Kirkwood have both recommended strongly that new consideration be given to appointing Ministers to Prague and Warsaw. The main reasons suggested are as follows:

(a) A Minister carries more authority, and has freer access to officials and governments.

(b) The subordinate rank of Chargé tends to reflect on the standing and capabilities of the incumbent.

(c) Canadian prestige suffers. Status is important in these countries, and the appointment of a Chargé d'Affaires suggests hesitancy and lack of interest on the part of the Canadian Government.

(d) In critical times like these the more weight the mission carries the better.

(e) Poland and Czechoslovakia Catholic and bourgeois are both of great potential interest and importance to us in the war against Russian domination.

(f) Of the 19 diplomatic missions from the Western world in Prague, 4 have ambassadors (U.K., U.S., France and India), 12 have Ministers, and 3 (Greece, Uruguay and Canada) have Chargé d'Affaires in situ.

(g) The cost would not be appreciably greater.

15. There is some reason to think that our understanding of the real situation in these countries is still inadequate. Contacts with non-official persons are rarely made. Yet from the people of these countries (Poland and Czechoslovakia in particular) peasants, professional classes, churchmen, technicians, etc., there is much useful information to be had, of an economic and social kind.

16. The posts therefore call for lively imagination and great energy if they are to be fully used. Hence the importance of selecting Heads of Mission and their staff with especial care.

SECTION F

ALLEMAGNE

GERMANY

15.

DEA/10194-6-40

Décret

Order in Council

P.C. 5901

[Ottawa], November 22, 1949

The Committee of the Privy Council have had before them a report dated 16th November, 1949, from the Secretary of State for External Affairs, representing:

(a) That in view of the establishment of the Federal Republic of Germany in the three Western Zones of occupation, and the intention of the occupying powers to vest in the government of the Federal Republic of Germany increasing responsibility for the conduct of its own affairs, and in view of the fact that the Allied Control Council, to which Canada's present military mission in Germany is accredited, is

no longer exercising authority, it is expedient to accredit a mission for the purpose of protecting and maintaining Canadian interests in the Federal Republic of Germany;

(b) That the head of this mission should be accredited to the Council of the Allied High Commission and have access to its subordinate bodies and, through the Allied High Commission, to the government of the Federal Republic of Germany;

(c) That this mission should be established at or near the provisional seat of the government of the Federal Republic of Germany in Bonn as soon as it is expedient to so do;

(d) That the Minister has approved the designation of Lieutenant-General Maurice Pope as Head of Mission; and

(e) That Lieutenant-General Pope should continue to be Head of the Canadian Military Mission in Berlin and, as such, continue to be accredited to the Allied Control Authority.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise:

(1) That the Secretary of State for External Affairs be authorised to organize a mission with authority to protect and maintain Canadian interests within the Federal Republic of Germany and to do such other things as may be referred to it by the Secretary of State for External Affairs;

(2) That the Secretary of State for External Affairs be responsible for the Canadian Military Mission in Berlin and that the Head of Mission in the Federal Republic of Germany be, *ex officio*, Head of the Canadian Military Mission in Berlin;

(3) That the Head of the Mission in the Federal Republic of Germany (*ex officio* Head of the Canadian Military Mission in Berlin) exercise general supervisory powers over all officials and representatives of the Canadian Government normally resident in Germany to the same extent and in the same manner as if he occupied the position of an Ambassador Extraordinary and Plenipotentiary;

(4) That Lieutenant-General Maurice Pope be named the Head of the Mission in the Federal Republic of Germany and be accredited to the Council of the Allied High Commission.

SECTION G

IRLANDE
IRELAND

PCO

16.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, December 22, 1949

...

EXCHANGE OF AMBASSADORS WITH IRELAND

40. *The Secretary of State for External Affairs* reported that Ireland wished to exchange Ambassadors with Canada, and had asked if Canada would be willing to receive a representative having this designation.

Other Commonwealth Governments had been consulted by Canada and the U.K. had expressed the hope that the Canadian Government would be able to defer decision on the matter until the whole question of designation of Commonwealth representatives had been discussed at the forthcoming Colombo Conference.

It was difficult to refuse the Irish request, since Ireland was not a member of the Commonwealth and had only asked if Canada was willing to receive an Ambassador. It was accordingly proposed to inform them of the Canadian Government's concurrence. No change in the designation of the Canadian High Commissioner to Ireland would be made immediately.

41. *The Cabinet*, after discussion, agreed that the request of the Government of Ireland for the exchange of "Ambassadors" rather than "High Commissioners" be approved in principle; the timing and other details to be left to the discretion of the Secretary of State for External Affairs.

SECTION H

ISRAËL

ISRAEL

17.

DEA/10963-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-673

Ottawa, March 14, 1949

SECRET

ISRAELI CONSULAR REPRESENTATION IN CANADA

In his telephone message on March 2 concerning Israeli membership in the United Nations, Dr. Eliahu Elath, Ambassador of Israel in Washington, raised with Riddell, who took the message for me, the question of Israeli consular representation in Montreal. Elath reminded Riddell that he had mentioned the matter during his visit to Ottawa on February 7 and said that he had now received instructions from his Government to ask again if the Canadian Government would be willing to receive an Israeli Consul in Montreal. He said that the Israeli Government was anxious to establish this office for commercial reasons.

2. I should be grateful if you would inform Elath that the Canadian Government would be willing to receive, through the Canadian Embassy in Washington, a formal request from the Government of Israel for the recognition [of] a designated official as Israeli Consul in Montreal. Canadian Government is prepared to grant to an acceptable official, through the same channel provisional recognition as Consul pending the issue by the President of Israel of a Commission of Appointment and the granting by the Governor General of an exequatur.

3. When the question was first broached to us on February 7 we were not in a position to give an immediate affirmative answer. For your information, we regard the situation as having changed since March 4 when Canada voted in favour of the admission of Israel to the United Nations. This vote we regard as tantamount to *de jure* recognition, but we would not wish to make a statement to this effect at the present time. For your further information we do not consider that we should be precluded, either by our vote on March 4 in the Security Council or by the acceptance of an Israeli Consul, from voting against the admission of Israel to the United Nations when the question comes before the General Assembly in April should circumstances require it. Our *de jure* recognition of Israel in connection with the vote on March 4 and our acceptance of an Israeli Consul relate merely to the fact of statehood, which is not denied; the admission of Israel to the United Nations, however, depends on the fulfilment of other requirements beside statehood, which are set out in Article IV of the Charter. Israeli representatives have already been made aware of our view on this point. Accordingly in discussing this matter with Elath

you might limit yourself to the statement contained in paragraph 2 above and not enlarge on the attendant considerations discussed in this paragraph. Neither should any reference be made to analogies between our position and that of the United Kingdom, since the presence of the United Kingdom Consuls in Israel is a consequence of the former position of the United Kingdom as mandatory power in Palestine and since the United Kingdom has taken no action yet which is tantamount to recognition.

SECTION I

ESPAGNE

SPAIN

18.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction
Extract from Minutes of Meeting of Heads of Divisions

Ottawa, August 11, 1949

SECRET

...

OPENING OF A TRADE COMMISSIONER'S OFFICE IN MADRID

8. *Mr. MacDermot* reported that the Department of Trade and Commerce had proposed the opening of a Trade Commissioner's office in Madrid.¹²

9. In view of the Canadian attitude towards the Franco Government and the resolution of the United Nations General Assembly asking members to recall heads of diplomatic missions from Madrid, there is the possibility that the appointment of a Trade Commissioner might be misinterpreted as a step towards the opening of diplomatic relations or at least to the establishment of a Canadian Consulate in Madrid. Since the commercial considerations have been judged to be more cogent than the political disadvantages, the Minister has concurred in the proposal of Trade and Commerce.

10. It is undesirable that any special publicity be given to this appointment, but a press release will probably be necessary. It has been suggested to Trade and Commerce that a general release, summarizing Trade and Commerce appointments and listing new offices opened in 1949 might be an effective way of putting the Madrid appointment in its proper perspective.

¹² Cette proposition reçut, le 13 juillet 1949, l'approbation du Cabinet, sujette à l'acquiescement du secrétaire d'État aux Affaires extérieures.

Cabinet approved this proposal on July 13, 1949, subject to the concurrence of the Secretary of State for External Affairs.

SECTION J
ÉTATS-UNIS
UNITED STATES

19.

DEA/9323-AP-40

Note du chef, direction consulaire
Memorandum by Head, Consular Division

[Ottawa], April 19, 1949

CONSULAR CONFERENCE

A conference of Canadian Consuls in the United States was held April 6-8, inclusive, at the Embassy at Washington under the auspices of the Ambassador. The Consuls General at New York, Chicago and San Francisco and the Consuls at Boston, Detroit and Washington attended. During a large part of the conference the Ambassador presided himself, being relieved from time to time by the Minister or the Chief of the Consular Division as seemed appropriate to the subjects under discussion. The Deputy Under-Secretary for External Affairs was also present throughout the discussions on April 6.

2. On opening morning there was discussion of subjects of topical importance when the Ambassador and his staff dealt with such questions as the "The Changing Position of the Commonwealth"—India, Pakistan, Ireland: The North Atlantic Security Pact; Newfoundland and her Admission to Confederation and The St. Lawrence Seaway. The afternoon was devoted to Canadian Trade Promotion at consular posts in which discussion was led by the Director, Trade Commissioner Service and to The Part of Canada in the European Recovery Programme which was dealt with by the member of the Embassy staff in charge of that work.

3. The morning of the second day was reserved for discussion of purely Consular Problems and useful work was done in the exchange of views of those present. In the afternoon again under the direction of the Ambassador, there was fruitful discussion of the difficult problems surrounding Economic and Political Reporting by Consular Posts and the Relations existing between the Embassy and the Posts. The day closed with a discussion of the Canadian dollar position led by the Financial Counsellor.

4. On the third day the subjects were Information and Publicity—Films—Tourists—Immigration—Customs. In all these subjects the conference had the benefit of senior officials, including the Acting Head, Information Division, the Director of Distribution, National Film Board, the Director, Canadian Travel Bureau, the Director, Canadian Exhibition Commission and the Director of Immigration.

5. This was the first conference of Canadian Consular officials ever held. Lessons were learned from which improvements can be devised for future occasions. For example, the schedule as planned was throughout a little too tight. More time could

very usefully have been taken on the subject of information and Publicity. On the whole, however, the conference can justly be regarded as productive and useful. The highly desirable aim of welding all Canadian representation in the United States into one team under the leadership of the Head of the Mission has (it may be hoped) been advanced. If that hope is realized, it alone will be ample justification of the conference. Doubtless the Ambassador will be reporting on the conference from his standpoint. It may be anticipated that he will recommend that such a conference be held annually.

6. If it is not inappropriate to do so here, I should like to record my own personal appreciation of the very keen interest which the Ambassador in particular and his staff took in the conference. It was a major contributing factor to what I regard as its success. Similarly, I should like to record the thanks of the visitors for the warm welcome and generous hospitality which was shown to them.

LESLIE CHANCE

DEA/9323-AP-40

20.

Consul en charge, Boston, au chef, direction consulaire
Consul-in-Charge, Boston, to Head, Consular Division

Boston, October 31, 1949

CONFIDENTIAL

RE: THE FUNCTIONS OF A CONSULATE

Dear Mr. Chance:

At long last, I am free to attempt a considered answer to your exacting queries regarding the objectives towards which Canadian consular activity in the United States should work. Since the multiplicity of detail in the endeavor of any one consular post is great, and since satisfaction of at least one portion of your request requires enumeration of activities which enable the Canadian taxpayer to see practical and tangible results, the task you have set is one of some difficulty and complexity. Each day's effort sets in motion a wide variety of services, and, it is to be hoped, produces a consequent harvest of achievement and good-will. Frequently, when the harvest seems to be *only* good-will, that result is nevertheless productive of subsequent tangible benefit, or sets up a chain-reaction which leads to it. Accordingly, the measurement of visible and immediate results means the measurement of only one portion of a consulate's service, and sometimes only of the portion which is routine and minor.

In part, you have asked for a review of those features of consular activity which could be considered by anyone unfamiliar with the work as justification for its existence. In part, you have asked for the opinion of your men in the field as to what projects, demanding imagination and initiative in greater measure than those needed in daily routine, should be selected as objectives for the future. If my interpretation of your request is correct, you are asking, therefore, for an analysis of what we do and, following that, an opinion of what we should do. If my reply to the former too often seems to be a laboring of the obvious or a restatement of your

own consular instructions, and, if my discussion of the latter sound like the vapourings of a former embassy public relations officer, your blood must be to a large extent on your own unfortunate head.

Feeling, also, that what you want is a discussion of the U.S. consular establishment as a whole rather than the activities of the Boston Consulate in particular, I shall confine myself as much as possible to generalities, and call upon happenings of the first year of our Boston experience only by way of illustration.

In terms of history, we have travelled far from the days when the consular post of any nation was *merely* concerned with matters of trade. Trade assistance, trade information and negotiation constitute important features of the work of any consulate, and are of *vital* importance in considering the work of any Canadian consulate in the United States, but inevitably the full usefulness of a Canadian consulate must be the fruit of its capacity for varied and versatile performance.

In many ways, a consulate can be said to resemble a minor embassy or a legation. It, too, represents its country in a given foreign district. It must be prepared to serve the wishes of any and all departments of the Canadian government (even when transmitted through External) and to negotiate locally for them, if necessary. It serves as an observation post with regard to the areas under its jurisdiction. It has lower-level representational duties similar to those with which, at a higher level, an embassy is involved.

In lesser degree, prestige factors affect the establishment of consular representation abroad as of embassies and legations. In the larger cities of the world, where an increasing number of nations have set up consular representation, the absence of a Canadian consul may strengthen the suspicion that Canada has not reached the degree of international maturity which she professes. If there were no more pressing reason for the establishment of a Canadian post in a locality where a British consulate has traditionally represented us, the shouldering of our own responsibilities in that area, and the consequent local and visible proof of the present stature of Canada thereby presented constitute strong justification for such a venture.

If, in certain respects, a consular post resembles a minor embassy, nevertheless, in others, it differs from a senior post in more than mere matters of status and degree of importance. One of the aspects of its work most noticeably different either from that of an embassy or the Department in Ottawa is the closeness of its relationship to the general public. In one of your own writings on consular work, you have described a consulate as a "shop-window" of its country. This description seems to me to be apt, but insufficiently comprehensive. It is not only the shop-window, but also the shop behind the window. It not only advertises attractive wares, but it transacts business through salesmen who are in constant personal contact with a foreign public. For such reasons, consulates are, and should be, located only a few steps from the man on the street. For such reasons the decor of a consulate, the appearance of its personnel, the attitude of its staff towards the public, and the pains taken to serve the latter are factors important in making the post a force within its geographical area.

The realization that much consular work abroad is done verbally in the immediate presence of the "customer" seems at times to be absent from the consciousness

of officials at home. I know very well that it is all too easy to think of a foreign post as merely a section of the Department in Ottawa transferred to a foreign location, but the techniques of operation differ in many ways, and I sometimes feel that the multiplicity of ingenious systems and procedures, the plethora of administrative returns and Gallup-poll reports demanded from the "branch store" abroad might be diminished in number, if the authors could see how much time is thereby raped from work normally to be considered the primary reason for the post's establishment. Your own understanding of these matters, as well as that of the ambassador, is comprehensive, and what I have just said in no way indicates any ignorance of the value of reports from the field to our own and other departments of the government; it merely suggests caution in keeping such demands to a minimum.

Generally speaking, I suppose that one could say that a consulate should act abroad for the government and people of Canada in a limited area mainly as an executive and negotiating instrument, a reporting instrument, and an advertising instrument.

Its services are mainly performed for three types of people: (1) visiting Canadians (2) residents within its jurisdiction who possess Canadian citizenship or who are of Canadian stock (3) in small degree, visiting nationals of other countries and (4) nationals of the country in which it is located. In the first category, the consulate may be called upon for protective services, for relief to the distressed, for investigation of the rights of deportees, for the resolution of a large volume of customs problems, for assistance to returning citizens, for local services to visiting Canadian officials and businessmen. For the second group, service is afforded in passport and immigration matters, in the registration of births, execution of documents, legal problems, estate rights, return of bodies of deceased, and, relief for hospitalized and distressed Canadian citizens. (Because of the adjacency of New England to Canada, a prominent part of our work in Boston has to do with problems of Canadian veterans or veterans of the Canadian armed services in both great wars—pension problems, repatriation, hospitalization expense. Some of these services must also be performed for the considerable number of American citizens in the district who have at one time or other served in the Canadian armed forces.)

For the benefit of people within this second category, the consulate should try to become the focus for Canadian activity within the area. Liaison should be established with Canadian organizations, such as Canadian Clubs, Canadian Women's Clubs, Daughters of Canada, the Canadian Legion, Newfoundland Society, Canadian student associations, etc. Their club functions should be attended, and help and advice requested should be given to them. Assistance in the provision of Canadian speakers, films and other forms of entertainment, should be provided when desired. A word of advice can frequently enable such groups to avoid policy pitfalls, but interference and dictation by the consul should be avoided as the plague. Care should be taken to see that representatives of such clubs are on the consulate entertainment list. The pride of such organizations in the decision of the Canadian government to provide a priest for their parish and a vestry for their use is one of the rewarding features of consular work. (In the Boston area, the comment of such people is understandably "This is wonderful, but why were we ignored so long?"). The consul should eventually seek out every Canadian organization, not only

within the city where his consulate is located, but within his entire jurisdiction, and, as time permits, either he or a member of his staff should visit what may prove to be a surprising number of such clubs. The good-will created is likely to have its effect not only in the region, but, through letter and visit, on relatives and friends in Canada.

Services to people of other than Canadian or American stock are usually confined to immigration or tourist problems or may constitute assistance to consuls, diplomats, businessmen, journalists and V.I.P.'s of other countries who intend to visit Canada. This category locally is not as small as might be expected, since Boston is a seaport and an international airport. The recent submissions here of a Fiji Islander who wished to settle in Canada posed an interesting problem.

Naturally enough, dealings with American citizens occupy most of our time, and in this fourth category come immigration queries requiring decisions of nationality, customs queries, requests for information by would-be Canadian settlers, trade queries, requests for the legalization of documents and a flood of general informational and touristic services.

Trade

With a representative of the Department of Trade and Commerce now on hand at each U.S. consular post, the activities of the trade commissioner service should produce results more concretely measurable than many other facets of a consulate's work, although the end results of such activities are not always likely to be as immediately determinable in financial terms as that of a recent New England order for ten million feet of rock maple placed with Canadian dealers through the efforts of this consulate. As outlined in *Foreign Trade* magazine for March 6, 1948, the work of the trade member of the consulate staff embraces assistance of a great many kinds to manufacturers, exporters and importers on both side of the border. In general, he advises local buyers of the supply position and sources of Canadian products and informs Canadian buyers of the supply position and sources of products within the consulate's geographical jurisdiction. He publicizes Canadian products by speeches, movies, personal contacts and distribution of literature. He advises business visitors from Canada and local businessmen regarding trips to Canada. He acts as liaison with local business and trade organizations. As required, he makes representations to municipal, state and federal officials within the jurisdiction. He watches developing commercial situations of interest to Canada, and reports on them by despatches or by articles in *Foreign Trade* magazine. He busies himself with the promotion of the International Trade Fair in every way possible. He gives information to the public on general business and commercial queries concerning Canada. One of the most satisfactory forms of his endeavor is assistance and advice given to local firms or individuals who may wish to set up business in Canada or to establish a branch plant above the border.

With the need for greater export of Canadian products and services to the United States, the direct importance of the trade commissioner's efforts should be immediately visible. With New England sympathetic to the importation of many Canadian products and with many of these now obtainable at the "revalued" price, the oppor-

tunities for fruitful activity are endless, and limited only by the number of demands on the trade commissioner's time.

Up to this point, I have been enumerating the normal functions of consular work which in the main are "concrete", neo-traditional and routine. They are for the most part "services" given in answer to outside requests, and success lies in satisfactory compliance to demand.

There is, however, a very large area of consular work which depends upon "promotional" effort and calls forth such qualities as ingenuity, imagination and initiative. Its possibilities must be sought out and explored, rather than merely awaited. It is an area which embraces the advertising function, whereby the consulate directly or indirectly advertises a remarkable product called "Canada". It embraces what is commercially known as the field of public relations. It includes what has become known by governments as informational activities. It comprises excursions into international education and the furtherance of international cultural exchange. It makes of the consular agent the publicity director of a campaign for the better knowledge of the country he represents and a missionary for the correction of bias, distortion and misconception and for the creation of good-will. Its tangible results are frequently hard to evaluate, since they are likely to appear only in secondary and later consequences. The immediate result may be the creation of an impetus, of a desire, of a predisposition,—perhaps to visit Canada as a tourist, perhaps to settle as an immigrant, perhaps to do business in such a country, perhaps merely to become more familiar with Canadians and treat them with respect and affection, to accept their products and seek out their culture. In general, it aims to create or further that favourable climate of opinion towards things Canadian which may nourish results of direct worth but results frequently difficult of immediate assessment.

The immensely profitable field of information abroad holds endless possibilities for fruitful work and is only limited in its scope by the time, initiative and resources available. Within the consulate, the answering of general information requests, the dissemination of literature to office visitors, and the research sometimes necessary for the satisfaction of specialized queries occupies in itself a liberal amount of time. The dispensing of tourist information and literature (of direct value in its siphoning of American dollars into Canada) is in the Boston Consulate not undertaken by a specialist but included among the general information responsibilities of the office. (With the addition to our staff of Major R.H. Tait, former Newfoundland Publicity Director, as Attache, we are, nevertheless, equipped to handle in a specialized way the growing volume of tourist queries about Newfoundland).

One form of consular information activity to which (usually because of space limitations) insufficient attention has been paid in the past is the establishment of some sort of library-reading room stocked with books on Canada (and not merely our standard works), with an adequate number of representative Canadian newspapers, Canadian periodicals, pamphlets and reference books. The information division of the Department is now co-operating liberally and intelligently in the supply of such materials and with these resources at hand, the staff is able, without fear, to

invite journalists, teachers, scholars, researchers and, in fact, anyone interested in Canada to visit the Consulate and browse among its Canadiana. The materials should be kept under the strict care of someone deputed as librarian, but can valuably be used for display purposes or for study by interested organizations.

Naturally, because of previous personal experience in the information field, I feel strongly that its rich soil extends in every direction and merely awaits cultivation, but rather than try your patience by extravagant elaboration, I shall try to enumerate briefly certain types of informational projects, where, if time and staff permit, the expanded activity of any consulate can bring profitable result.

(1) *Press Relations*

A highly specialized but also highly rewarding field. One story in print can reach, and sometimes influence, thousands of people. Press confidence is to be gained through personal association, through care in the form and timing of releases (not too prolix, not too often, not too demanding, especially when release is not really news) through tips for stories when possible, through careful and liberal research when sought, through simple, candid, but judicious background analysis when desired.

Careful promotion can increase the volume of news, articles, and editorials about Canada in the area press and, in money terms, can stimulate thousands of dollars worth of free publicity.

Occasionally, if sufficient assistance is offered, local newspapers can be persuaded to publish whole supplements on Canada or some Canadian theme, e.g., Boston Herald supplement on International Trade Fair.

(2) *Radio and Television*

Many of the same considerations apply, but the personal factor necessarily becomes more prominent. Press releases should always go to radio stations. The consul should encourage radio programs on Canada, and be ready to participate in interviews and forums, even when the topic to be treated is other than Canadian. Frequently, radio interviews, with local radio tie-ins and sometimes network and international broadcasts, can be arranged for visiting Canadian speakers of importance.

(3) *Films*

With varied resources now in supply, wide circulation and frequent showings are possible through consular promotion. Special showings with carefully screened invitation list either in the consulate or in free halls can now be arranged. (The recent Washington Embassy showing of American films on Canada offers a good model for consulates to follow). Care in the selection of a film program suitable to the audience should be observed—Trade Fair film for business audience, tourist film for audience likely to take vacation in Canada, Canadian art film for cultural

group, etc. Members of the consular staff should be trained to make short speeches of introduction for film program, when the latter is considered advisable.

(4) *Photographs and Display*

Photographic editors of newspapers, periodicals, and text-books, should be visited and shown samples from photographic library available at consulate. Photographic blow-ups can be loaned to clubs and institutions for display purposes. Photo features can be offered to press as received from Ottawa.

Display panels, or displays assembled from materials available in consulate, can be put to good use in store-windows, at bazaars, conventions, club-meetings, etc.

(5) *Packaged Programs on Canada*

Many clubs and educational groups, large and small are willing to devote a unit period to a program on Canada, if the latter can be supplied. Programs can comprise varied items such as the showing of films, a speech by the consul, the singing of Canadian songs, readings from Canadian literature, music by a Canadian artist, the playing of Canadian recordings, the recounting of a travel trip to Canada by a member of the club, the dramatization of a script on Canada. Canadian flags, coats-of-arms, photographic blow-ups, maps, silk screens, can be offered from Consulate stock for decoration, and *Canada from Sea to Sea* and other publications given free distribution.

(6) *Educational Projects*

The distribution of pamphlet literature to regional schools can be made on a large scale. Frequently, this can be achieved most satisfactorily by approach through boards of education, rather than through individual teachers or school principals. If resources such as *Fact Sheets* and *Canada Sea to Sea* can continue to be supplied in large numbers, whole school and college areas can be blanketed through this type of promotion.

Talks by members of the consular staff to school and university classes are usually welcomed and provide direct opportunity for the distribution of literature. Visits by consul to universities within his jurisdiction and consultation with history, geography, social studies teachers usually leads to distribution of pamphlet material and more intelligently adequate teaching.

Now that the Information Division stands ready to supply presentation volumes, competitions in university and school classes for such volumes can be encouraged and a prize formally presented by the consul for the best essay on some phase of Canadian life. (In New England, this is a regular procedure by the French Consul at major colleges and universities).

Discussions can be held with professional educational organizations, college presidents, and department heads leading towards the encouragement of increased study of Canada in school and college curricula. The consul should be ready to suggest methods for the expansion of such study programs and be prepared to offer materials for use.

If opportunity presents, attempts should be made to influence universities and colleges to establish formal courses, or parts of courses, on Canadian history, Canadian geography, Canadian literature.

Text-book publishers within the jurisdiction should be informed of the consul's readiness to assist in the editing of books, or sections of books, pertaining to Canada.

Canadian student clubs at universities should be visited and encouragement given to students to seek opportunities at home after graduation, rather than accept lucrative positions in the United States. (The Boston Consulate is attempting to persuade certain large Canadian firms to approach the 65 Canadian students at the Harvard Graduate School of Business Administration with employment offers so that these highly-trained young graduates may not be lost to Canada).

(7) *Cultural Projects*

Display of Canadian art and handicrafts, ranging from the photographic and silk-screen level to large exhibits provided by the National Gallery, should be encouraged in local museums and other places suitable for showings.

Opportunities for the lending of musical recordings to clubs, schools, and social groups can be sought, and, where possible, concert and lecture agencies should be encouraged to secure Canadian professional talent.

Representation and Public Relations

The consul should, of course, strive to become acquainted with the most influential members of the community including as many as possible of the federal, state, and municipal officers in his jurisdiction, since at any moment, their assistance may be needed. Entertainment at the consular residence should be carefully selective, and consulate lists for such purposes should be established and retained. The head of the post and his staff should be prepared to speak to audiences on Canadian and other topics, but the number of invitations accepted should be governed by a careful estimate of the benefit to accrue. Large and influential organizations should be invited to seek eminent speakers from Canada and should be given assistance in selecting and obtaining the latter, but care should be exercised in the timing and frequency of such visits. For certain visiting Canadians of importance, all the stops in the public relations apparatus can sometimes profitably be pulled to obtain a maximum of favorable publicity. For an occasion of major significance, public relations techniques can include press releases, press interviews, circulation of speech copies, radio hook-ups, radio interviews, calls on Mayor, Governor, and local celebrities, a small but select cocktail party for the honored guest and so on, depending mainly on the disposition and strength of the visitor. At such a time, the consul through his knowledge of the local scene should exercise sagacity in his advice as to which invitations should be accepted and which refused.

Certain major public relations opportunities, such as visits by units of the Canadian Navy, present important hazards as well as benefits and because of the elaboration of detail required, discussion of the consular role in this particular type of operation will be undertaken in a separate and subsequent communication.

Reporting

In my opinion, the "listening post" function of a consulate should be considered as an important part of its work, and careful attention paid to it by the consul and his staff. Beyond routine reports on the normal functions of consular work, beyond

the exposition of topics occasionally suggested by the embassy, studies of certain political, economic and social matters peculiar to the jurisdiction can be of service to the embassy, to the Department in Ottawa, and to other departments of the government. It is natural that a consul should fear that he may be devoting valuable time to the assembling and despatch of information already known to his own authorities but he and they should keep in mind that the complete content of such despatches may not be known to all of them, and some of it may be known to none. A report on the current Maine potato situation, for instance, may have value for various specialists in Ottawa. It may or may not offer much that is new to External Affairs, yet it may provide the Department of Agriculture with new information about current New England agricultural conditions and the volume expectation of the Maine crop. It may at the same time throw certain light on potato smuggling across the United States border, and, therefore, have interest for the customs officials of the Department of National Revenue. It may inform the Department of Labour that the number of Canadian potato pickers to be employed in Maine this fall will be much lower than in previous years. Accordingly, the sum total of the information forwarded may justify the effort put into its preparation and despatch. If the fish interests of New England are publicly citing Canadian competition as ruinous and lobbying for either a quota or a higher tariff, an examination of pertinent and current facts about the New England industry is likely to be of benefit to those working to ward off the imposition of such American enactments.

In each area, certain conditions exist which have either a direct or indirect impact on some phase of Canadian affairs, and the observation of these by the man-on-the-scene, if carefully made and judiciously presented, can be of importance to officials who may, then or later, have to participate in relevant government action or international negotiation. On subjects of broad scope, certain reports may enable the ambassador to complete a picture of national actions and attitudes area by the area, and one of the primary duties of the consul should be to assist him in achieving this. When of sufficient importance, first hand information on corruption in local politics, the reactions of local Canadian organizations, the possibilities of expanded import of Canadian goods, the regional attitude towards reciprocal tariffs, towards joint defence, Canadian-American power projects, and towards various similar topics of periodic or continuing interest should be transmitted in official form to our Washington and Ottawa authorities rather than remain within the files of the consulate or the mind of the consul.

Adequate reporting calls for the gaining of careful knowledge of the regional scene, acquaintance with the discussion with specialized authorities of the area, and wise evaluation of material gleaned. It can be facilitated by the establishment and upkeep of confidential consular files on regional problems, on important district personalities, on local press politics, on the background of state and municipal politics, on local history behind current movements, on the district economy, and so on. A careful clipping of the more important newspapers of the region is of great help in this regard, and can be effected by distributing for examination a different copy of the press daily to each member of the staff. Important excerpts can be incorporated in the topical files mentioned above, but also when pertinent, should

be forward to Washington for incorporation in the Embassy supplementary press scan.

I have enumerated by no means all of the functions, actual and potential, of Canadian consular work in the United States. Nor am I suggesting that the Boston Consulate, for one, can successfully undertake in high gear all phases of such a program until time, energy and the abilities of its staff permit. But I hope that this overlong screed may suggest in outline enough of what is being done and of what can be done to make you feel that the potentialities of such posts more than justify the expense of their establishment. Even if it should fail to do what you wanted, perhaps it will offer an idea here and there which transmuted and shaped by the brooding genius of your disciplined brain, can then be fitted to the master pattern of our work.

Yours sincerely,
T.F.M. NEWTON

21.

DEA/9323-AP-40

*Note du chef, direction consulaire
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Consular Division
to Under-Secretary of State for External Affairs*

[Ottawa], November 7, 1949

CONSULAR DIVISION

You may recall that, after the Consular Conference at Washington last Spring, there was some correspondence between Mr. Wrong and me which resulted in a letter going to all Consuls General and Consuls in the United States (save New York). Its purpose was to get the Heads of posts thinking about the general usefulness of their establishments and to cause them to plan, at least in their own minds, what they ought to be doing if the taxpayer of Canada was going to get the best value for his money out of the establishments. I have already sent you copies of the replies† which were received from Detroit, Chicago, and San Francisco. Last week I received the reply from Mr. Newton.

2. I attach a copy of his letter of October 31. It seems to me that, while Mr. Newton envisages operations on a scale which would obviously be beyond the strength and resources of his present establishment, he, nevertheless, exhibits a general grasp of a very high order.

3. What is interesting to me particularly about this report is that it shows that the practical can be combined with what we might call the academic or intellectual approach. Mr. Newton never gets lost in the cloud of cultural and so-called "representational" activity. He is always down to earth and aware of the importance of an efficient business office. While he realizes the importance of an exhibition of Canadian paintings, he is equally alive to the desirability of the Embassy and the Depart-

ments in Ottawa knowing about the New England views on the fish industry. The lowly potato is equally not beneath his notice.

4. We are at some pains to lecture in the University of the East Block on what a Consul does and what is expected of our young men in consular activities. In my view, this letter is an excellent document to put in the hands of our young officers for their study. I am sending a copy to Personnel Division with that thought in mind.

L.G. CHANCE

CHAPITRE II/CHAPTER II
RÈGLEMENTS DE LA PAIX
PEACE SETTLEMENTS

PREMIÈRE PARTIE/PART 1
EUROPE

SECTION A

APPLICATION DES TRAITÉS DE PAIX AVEC LA HONGRIE, LA ROUMANIE ET LA
BULGARIE
IMPLEMENTATION OF PEACE TREATIES WITH HUNGARY, ROMANIA, AND BULGARIA

22.

DEA/50164-A-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, July 12, 1949

IMPLEMENTATION OF BALKAN PEACE TREATIES

As the Soviet Government has refused to allow discussion by its heads of mission in the capitals of Hungary, Roumania and Bulgaria, of the disputes concerning the interpretation of the Peace Treaties, we are now considering the composition of commissions as provided for by the Peace Treaties.

2. We have received word from the United Kingdom and the United States that the latter has suggested that the disputes should be dealt with collectively; that is in the disputes with Hungary and Roumania, there would be five countries constituting one party to the dispute on the one side with Hungary-Roumania on the other, and similarly there would be four countries constituting one party to the dispute with Bulgaria. This would call for only three commissions, each of which would be composed of a representative of the ex-enemy State, a representative of the Allied States and an independent chairman who would be chosen by both parties or, if they fail to agree, by the Secretary General of the United Nations. The United States has put forward tentative and incomplete proposals for the selection of the commissioners and advocates for each commission.

3. While waiting for further details of the United States Government's suggestion, we threw out the idea to both London and Washington that one method that might be followed would be to have the five countries involved in the disputes with Hungary and Roumania discuss jointly and agree upon a commissioner and an advocate for Hungary, and the same for Roumania. A similar procedure might be adopted, (though Canada would not be included) for the dispute with Bulgaria. It

would, I think, be quite suitable to have these discussions in London between the United Kingdom Government, the United States Ambassador and the New Zealand, Australian and Canadian High Commissioners. I should be glad to know if you approve in principle of this approach.¹ I shall take the matter up in detail with our representatives in London or Washington.

4. Whatever procedure is adopted, we must decide how far we wish to be involved in these commissions. We could content ourselves with participating in the discussions and making sure that competent, though non-Canadian commissioners and advocates are appointed. Alternatively, we could ask that a Canadian commissioner for the dispute with either Hungary or Roumania be chosen.

5. In favour of Canada's nominating a commissioner there are the following:

(a) Canada has already strongly denounced violations of human rights in Eastern Europe and associated with the United Kingdom and the United States in formal protests;

(b) a Canadian representative on one of the Commissions would acquire a knowledge and experience of this complex problem which we do not now have;

(c) Even if the three countries do not co-operate in the establishment of commissions, the appointment of a Canadian Commissioner would have a useful propaganda value;

(d) Mr. Ackerson, of the State Department, has informally and tentatively suggested that a Canadian commissioner be chosen for one of these commissions.

6. As against this, we might refrain from making any nomination, the reasons being that we do not believe the satellite powers will conform to the Treaty terms, nor can we expect anything of value to religious freedom to flow from all this pothor. There might also be some difficulty in deciding upon a Canadian nominee.

7. I am disposed to recommend that we make a nomination of a Canadian Commissioner for either Hungary or Roumania.²

H.O. M[ORAN]
for A.D.P. H[eeney]

¹ Note marginale:/Marginal note:

Yes LB P[earson]

² Note marginale:/Marginal note:

Do we actually have to make a nomination? Or could we merely wait until the Five meet and if the suggestion is made then that a Canadian should act on *one* of the Commissions, we could agree. LB P[earson]

23.

DEA/7-DF-1(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, November 28, 1949

VIOLATION OF HUMAN RIGHTS IN HUNGARY, ROUMANIA AND BULGARIA

Commonwealth Relations Office telegram No. 58 of November 14[†] stated that the United States have informed the United Kingdom that they (the U.S.A.) intend soon to nominate their members for the Treaty Commissions. The United States believe that this is necessary if the International Court of Justice is to answer the questions in the resolution of the General Assembly on this subject.

2. The United Kingdom agreed to this and proposed that a separate Commission be set up for each dispute with each signatory, and will so nominate. The United Kingdom consider the legal position under the Treaties will be sounder if separate Commissions are proposed at this stage. Later, if there should be any sign of co-operation from the Balkan Governments, it will be necessary to approach them to see if they would agree to joint, rather than separate Commissions.

3. The United Kingdom also consider that there is a strong argument in favour of appointing independent persons of standing who are not officials or members of the government. They may name one nominee to act on all three Commissions and Sir Elwyn Jones, a United Kingdom lawyer, has been asked if he would accept an appointment as the United Kingdom representative. The United Kingdom intend to give the name of its commissioner to the three satellite governments in notes to be sent *on or immediately after December 3*, and has asked whether the Canadian, Australian and New Zealand Governments would propose to take parallel action either at the same date or subsequently.

4. The New Zealand Government have replied that they would prefer not to nominate representatives to Commissions, and would prefer to await the International Court's decision, at least on Question I; i.e. whether or not a dispute exists, before taking further steps. (It is probable that New Zealand would not have anyone available for a Commission).

5. The Government of Australia agree with the United Kingdom that the appointment of members to Commissions could not affect the decision of the International Court of Justice on Questions I and II. They believe that we should try to dissuade the United States from going ahead with the nomination of members to the Commissions. If, however, the United States Government insists, as it does, Australia would prefer to have the protesting signatories jointly nominate one representative for each of three Commissions.

6. The United Kingdom proposal for separate Commissions now seems to have been accepted by the United States. According to Mr. Rumbold of the Foreign Office, the United States will appoint Mr. Ben Cohen as its representative on each of its three Commissions.

7. Canada was one of the sponsors of the General Assembly resolution submitting the questions to the International Court of Justice and the Government has shown special interest in the violations of human rights in the satellite countries.

8. When the question of Canadian representation on a joint Commission was referred to you in July, you indicated that we should wait until the representatives of the Five Western Powers met "and if the suggestion was made then a Canadian should act on one of the Commissions we could agree."

9. After considering several alternative methods of Canadian action I would recommend, if you agree, that we should appoint a Canadian to serve on the Commission considering the dispute with Hungary and on that considering the dispute with Roumania. (One nominee would be sufficient).³

10. The first step would then be to inform the Commonwealth Relations Office by December 3 that we intend to nominate.

11. No name need be given at this time, but I have thought you might consider approaching Mr. Justice Ilsley.⁴ We could let him know that there is little chance of his ever having to act.

A.D.P. H[EENEY]

24.

DEA/7-DF-1(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3509

Washington, December 28, 1949

SECRET

Secret. Reference your teletype EX-3045 of December 27th.† Implementation of Balkan Peace Treaties.

A meeting of representatives of five plaintiff countries was held to-day in Jellicoe's office at the United Kingdom Embassy. Matthews and Wallis were present on behalf of this Embassy. John Campbell, Assistant Chief of the Southeast European Affairs Division and Stein of the Legal Branch represented the United States, F.H. Corner represented New Zealand and Owen Davis represented Australia. The following recommendations were agreed upon on the five topics of the agenda given in paragraph 2 of my teletype WA-3495 of December 27th.†

³ Note marginale:/Marginal note:

OK

⁴ James L. Ilsley, Cour supérieure de la Nouvelle-Écosse. Ilsley acquiesca à sa nomination, ce qui fut télégraphié par câble à Londres, le 21 décembre 1949.

James L. Ilsley, Supreme Court of Nova Scotia. Ilsley consented to his nomination, which was cabled to London on December 21, 1949.

Note marginale:/Marginal note:

Yes LB P[earson]

2. *Nominations of representatives*—The United States representative stated that his Government has appointed Professor Edwin Dickinson, Dean of the Law School at the University of Pennsylvania, as the United States representative on the three commissions. The United Kingdom representative stated that Mr. F. Elwyn Jones, K.C., M.P., had been appointed as the United Kingdom representative on the three commissions. We confirmed that the Right Honourable Justice J.L. Ilsley, P.C., would represent Canada on the two commissions for Roumania and Hungary.

3. *The drafting, timing and delivery of notes to the satellite countries concerned*—In view of the change of Government in Australia, the Australian representative confirmed the fact that his Government had decided to await the ruling of the International Court of Justice and would not appoint a commissioner at this stage. The Australian Government felt that the appointment of a representative at this time would not increase the strength of the legal case, that it would have no practical result on the eventual settlement of the disputes and might, on the contrary, prejudice the case before the International Court which had been called upon to rule on whether there was or was not a dispute. Australia, of course, still intended to co-operate in efforts to implement the Peace Treaties and welcomed the method of the appointments by the other plaintiff countries in preparation for the eventual consolidation of the commissions.

The New Zealand representative stated that his Government would probably not wish to name a representative at this stage. He had not yet been given his Government's reason for adopting this position and said he would confirm his Government's stand before the presentation of the notes was due to take place.

On the question of timing, it was decided that the notes would be presented by the United Kingdom and United States Ministers in the Balkan capitals concerned on January 5th.

With regard to delivery, we stated that you would be requesting the Commonwealth Relations Office through Canada House to have the Canadian notes to Roumania and Hungary presented by the United Kingdom Minister in Bucharest and Budapest at the same time as the United Kingdom's notes are presented.

The draft of our note as given in paragraph 2 of your teletype under reference met with general agreement. The United States representative stated that their notes would probably mention that the United States Government had authorized the United States Ministers in the three capitals concerned to enter into consultation with Balkan country with a view to the appointment of the third member of the commission as stipulated in the Peace Treaty. The United States felt that this would put the satellite countries "on the spot" since it would indicate that the United States Ministers in the three countries had full power to proceed on behalf of the United States Government with the implementation of the Peace Treaty. The United Kingdom representative confirmed our understanding that the phrase "enter into consultation with His Majesty's Government in the United Kingdom" in the United Kingdom draft note (see paragraph 5 of Canada House telegram No. 2480 of December 22nd†) only defined the United Kingdom Government and did not imply that consultation should take place only in the United Kingdom. He stated that he would consult his Government about the desirability of mentioning in the

United Kingdom notes that consultation with a view to the appointment of the third member should take place with the United Kingdom Minister in each of the Balkan capitals concerned. You might, therefore, wish to consider whether greater co-ordination would be secured by informing the satellite countries in our notes that consultation with regard to appointment of the third member should be entered into with the United Kingdom Minister in the capital concerned acting on our behalf, rather than through this Embassy. The United Kingdom and United States officials do not have any objection to the proposal in your draft note.

4. *The drafting and timing of notes to the Secretary General*—It was felt that two notes should be delivered to the Secretary General of the United Nations by each of the plaintiff countries which had appointed commissioners, the first note on January 6th at 11:00 a.m. E.S.T. This note to the Secretary General would include copies of the notes sent to the satellite countries and would request the Secretary General to transmit the correspondence to the International Court of Justice. The second note to the Secretary General would be sent one month after the presentation of the notes of January 5th. This was considered desirable in view of the provisions in the Peace Treaties that, if the parties to a dispute failed to agree within a period of one month on the appointment of a third member, the Secretary General of the United Nations could be requested by either party to make the appointment. The second note to the Secretary General would merely inform him that the parties had failed to agree on the appointment of the third member (should that be the case). The Secretary General would not be requested to make the appointment until the International Court had ruled on the two questions presented to it for a decision.

It was felt that the notes to the Secretary General should be correlated in New York and sent by the heads of the Canadian, United Kingdom and United States delegations to the United Nations. Should the Ministers in the satellite countries concerned be unable to confirm the actual delivery of the notes by January 6th due to a delay or breakdown in communications, the notes to the Secretary General would be presented in any case so long as it was known that the Ministers in the satellite capitals had actually received the notes and their instructions to present them on January 5th.

5. *The timing and co-ordination of press releases*.—We suggested that the press releases should contain a brief factual announcement together with the texts of the notes to the three satellite countries and should be issued simultaneously in Ottawa, London and Washington immediately after the presentation of the three notes to the Secretary General of the United Nations. It was agreed that the press releases might be made at 11:15 a.m. E.S.T. on January 6th.

The Australian representative stated that, since Australia was not appointing a representative to the commissions at present, the release of statements to the press by Canada, the United Kingdom and the United States might make it appear that Australia did not support the action taken by the three countries. He and the New Zealand representative felt that some statement clarifying the position of their countries would probably have to be issued in Canberra and Wellington. They said that they would bring this point to the attention of their Governments.

6. *The type of commissions to be eventually established*—It was felt that should the commissions be established, they should be consolidated into three joint commissions, one with a United States commissioner, one with a United Kingdom commissioner and one with a Dominions commissioner. The United States member remarked that the commission would have either three or two members: three members if the satellites agreed to participate, two members if the International Court ruled that a two-man commission was legal in view of the refusal of the satellite countries to participate. The New Zealand representative agreed that there should be a single representative for all five plaintiff countries on each of the three joint commissions. The Australian representative also agreed and stated that he understood that there would be mutual consultation should Australia decide at a later stage to appoint a representative. It was felt that the Secretary General of the United Nations should be consulted about the appointment of a neutral member as soon as there was a likelihood that the commission would be established—either through the participation of the satellite countries or by virtue of a ruling of the Courts. The United States member felt that joint commissions would be possible since only the satellite countries would object and they would probably be “out of Court” by that time.

The United States representative raised the point that the case against the satellites should be presented before the proposed three commissions under central direction and that, therefore, each commission should have a general counsel in charge of the presentation of the case. The counsel for each commission should be from a different country to that of the commissioner. It was agreed that there should eventually be three counsels one for each of the three commissions but that these persons need not be appointed until there was a possibility of setting up the commissions. Since the United States had assumed primary responsibility for preparing the case against the satellites, it was felt that the counsels should eventually meet in Washington to co-ordinate their line of action.

7. I should appreciate your informing me if the arrangements made at the meeting meet with your approval.

25.

DEA/7-DF-1(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-3073

Ottawa, December 31, 1949

SECRET

Reference your teletype WA-3509 of December 28, 1949. Implementation of Balkan Peace Treaties.

We agree with your recommendations and have arranged to take the following steps:

(a) ask Canada House to request the Commonwealth Relations Office to have the Canadian notes presented by the United Kingdom Ministers in Budapest and Bucharest acting on our behalf, at the same time as the United Kingdom notes are presented viz January 5.

(b) inform the Governments of Hungary and Roumania in our notes that consultation with regard to the appointment of the third member of the commission should be entered into with the United Kingdom Minister acting on our behalf in the capital concerned.

(c) have a note delivered to the Secretary General of the United Nations by the Head of the Canadian Permanent Delegation to the United Nations on January 6 at 11:00 a.m. E.S.T., including copies of the Canadian notes sent to Hungary and Roumania, and requesting the Secretary General to transmit the correspondence to the International Court of Justice. (We shall be ready to have the second note to the Secretary General presented one month after the presentation of the notes of January 5th, informing him that the parties had failed to agree on the appointment of the third member, should that be the case.)

(d) make a press release on January 6 at 11:15 a.m., E.S.T., containing a brief factual announcement together with the texts of the Canadian notes to the Governments of Hungary and Roumania.

2. Reference paragraph 1, section (b) above, the Canadian notes to the Governments of Hungary and Roumania will read as stated in our teletype to you EX-3045 of December 27, 1949† para 2 down to "proposed commission". The final sentence will read as follows:

"It is accordingly requested that the Hungarian/Roumanian Government appoint its representative forthwith and, at the same time, enter into consultation with the British Minister in Budapest/Bucharest acting on behalf of the Canadian Government with a view to the appointment of the third member as stipulated in the Peace Treaty".

SECTION B

CONSEIL DES MINISTRES DES AFFAIRES ÉTRANGÈRES COUNCIL OF FOREIGN MINISTERS

26.

DEA/7-DE-2(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, May 13, 1949

COUNCIL OF FOREIGN MINISTERS MEETING

On May 23, as you know, the Foreign Ministers of the four Occupying Powers of Germany will meet in Paris to discuss Berlin, currency and Germany generally.

We understand that Messrs. Bevin, Acheson and Schuman will have a preliminary talk on May 21 presumably to decide on a common line to take when the Council meets.

2. The Soviet Union's proposal at the meeting can be forecast with reasonable precision although there is still some question regarding the Soviet motives and what they hope to obtain from the meeting. The terms of the Soviet proposals will probably draw heavily upon the programme given in the Warsaw Declaration of June 24, 1948, of the Soviet and satellite foreign ministers which mentions:

- (a) The implementation of measures to ensure final demilitarization.
- (b) The institution for a definite time of four-power control over Ruhr industry.
- (c) The establishment of a provisional democratic peace-loving government for the whole of Germany.
- (d) The conclusion of a peace treaty with Germany followed by the withdrawal of occupation forces within a year after its conclusion.
- (e) The elaboration of measures for the fulfilment by Germany of her reparations obligations.

3. More recently, the Soviet Government has encouraged a German suggestion that the four powers should guarantee Germany's perpetual neutrality thereby preventing its membership in the O.E.E.C. or the Council of Europe.

4. The extent to which the U.S.S.R. is willing to meet known western requirements for Germany on these subjects will give the Western Powers their first definite information as to which of the following motives has prompted the Soviet Government to reopen four-power talks:

- (a) To exert pressure on the Germans to delay the formation of a West German Government.
- (b) To obtain a lifting of the counterblockade which has been working considerable hardships on the eastern zone of Germany.
- (c) To obtain a settlement based on German unity which might eventually lead to communist domination of the whole country.
- (d) To disengage itself from Germany in order to concentrate elsewhere. (e.g. Yugoslavia, the Middle and the Far East).

5. If the Soviet Union enters the negotiations with the limited objectives expressed in (a) and (b) of the preceding paragraph, the Western Powers would have to deal with a familiar problem and it should not be too difficult to show that the U.S.S.R. was not seriously concerned with a German settlement. If on the other hand the Soviet Union intends to seek a settlement for reasons indicated in (c) and (d) of the preceding paragraph and if it is prepared to make considerable concessions, the Western Powers would be confronted with a new situation in the face of which it may not be easy for them to obtain agreement among themselves. Probably the most difficult questions to decide on would be those of withdrawing occupation troops and establishing a central German government.

6. During the last year the Western Powers have reached a number of agreements covering, in effect, almost every aspect of a general German peace settlement. A list of these agreements is attached.† In general the Western Powers have consist-

ently announced their willingness to have the Soviet Union subscribe to these agreements and to play its part in their execution. Occasionally this attitude has been stated explicitly and officially but in most cases it has been implicit or announced by individual participants. The basis for all these agreements was the London Report of June 7, 1948, and the United Kingdom and United States made it clear that its terms and the agreements reached under it were applicable to all of Germany whenever the Soviet Union reached a more amenable frame of mind. (See extracts attached).†

7. The information we have received from London, Washington and Paris tends to support the view that the Western Powers will oppose a complete withdrawal of occupation forces from Germany. The existing three-power agreements on Germany depend in varying degrees upon the continuation of the occupation. Assuming that the Western Powers intend to base their proposals for a general settlement on these three-power agreements, it would be difficult for them to accept the end of occupation without first making substantial changes in them. To attempt to do so might threaten western unity. There is a possibility, however, that if the Soviet Government is determined to withdraw its forces from Germany the Western Powers may be obliged to modify their three-power agreements or be held responsible by the Germans for the continuation of the occupation and division of Germany.

8. From the western point of view the German problem is three sided:

- (a) To democratize Germany and create a community of interest with the west.
- (b) To prevent Germany from going communist either to come under Soviet domination or to capture the leadership of world communism.
- (c) To prevent Germany from returning to militant nationalism which might be accompanied by an alliance with the Soviet Union.

9. In many respects the solution to any one of these aspects of the problem is antithetical to the solution of the other two. Thus, the conditions required to make Germany a democracy might be used to pave the way to communist control; the steps necessary to ensure against communist domination might conflict with its democratization and could contribute to the rise of neo-Naziism; provision against German military resurgence might make Germany powerless against communist organizations and limit the freedom which we consider to be essential to democracy.

10. Any solution that would satisfy the west involves the taking of calculated risks based upon an assessment of the probable attitude of the Germans themselves. It is not possible to prescribe conditions which would exclude the possibility of pressure tactics by German communists, with or without the backing of Soviet occupation forces. In any circumstances, particularly in the elections which must precede the establishment of a central German government, the Western Powers would have to take a chance that the Germans would not only prefer association with the west but would resist communist pressure and threats in order to produce a pro-western government. It may be that the Germans' slavophobia and their experiences of Soviet policies would be enough to ensure their activity in favour of the West if all possible measures were taken to protect would-be western advocates from violence.

11. If the Soviet Union is in earnest in wishing a general settlement, it would appear that the Western Powers could seek a solution along the following lines:

(a) Offer to extend their tripartite agreements to all of Germany, including Soviet membership in the three-power control organizations already provided for.

(b) Create, so far as may be possible by the laying down of the terms, the conditions calculated to encourage all those opposed to the Soviet Union to take an active part in the political life of the reunited country.

(c) Ensure the continued sympathy of their present supporters by offering some alternative to the Soviet proposal for withdrawal either by limiting the occupation in point of time, or by limiting it to certain parts of Germany, or a combination of both.

(d) Insist on German's eventual independence and right to choose its future course in world affairs for itself, thereby anticipating or countering any Soviet demand for a four-power guarantee of German's perpetual neutrality.

12. Some comments on these issues are being prepared in the Department should the Government wish to present views to the Western Foreign Ministers at their meeting on May 21, or should any of the participants ask for our opinion.

A.D.P. H[EENEY]

27.

DEA/7-DE-2(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour la direction d'Europe*

*Memorandum from Under-Secretary of State for External Affairs
to European Division*

SECRET

[Ottawa], May 16, 1949

RE: COUNCIL OF FOREIGN MINISTERS MEETING

The Minister has read and returned your memorandum on the Council of Foreign Ministers. He was congratulatory. He feels that it is a competent and well done job—so do I. The Minister's copy is returned to your herewith.

2. Mr. Pearson wonders whether anyone in the department is considering what attitude should be adopted if at the C.F.M. meeting the Russians propose the withdrawal of all occupation forces east and west. The evident embarrassment for the Western Powers in withdrawal of U.S. forces from Europe might be offset by arrangements under the Atlantic Pact for exchanges of forces for training, etc. so as to permit the stationing of effective U.S. formations close to the Western border of Germany.

3. I would be grateful if consideration could be given to some such solution which would enable the three Western Powers to entertain proposals for withdrawal of occupation troops without sacrificing essential security.

4. I am sending a copy of this note to the Defence Liaison Division with whom you should concert. Mr. Holmes should also be consulted.

A.D.P. H[EENEY]

Note de la direction d'Europe
Memorandum by European Division

SECRET

[Ottawa], May 25, 1949

CANADIAN COMMENTS ON A GERMAN AGREEMENT

The Canadian Government has from time to time emphasized its interest in the German settlement and has offered its views on the nature of that settlement. Any decisions by the present meeting of the Council of Foreign ministers in Paris will naturally affect the German settlement. It is therefore thought desirable to record the views of the Canadian Government on the situation as it now exists.

2. These views are necessarily general in character and do not pretend to anticipate the course the negotiations may take. Further comments may therefore be offered at a later date on the basis of information received concerning proposals for dealing with specific aspects of the settlement.

3. We assume that the first task of the Western Powers will be to determine the Soviet intentions: whether the U.S.S.R. wants a settlement badly enough to make serious concessions in order to obtain it or whether it is seeking a *modus vivendi* coupled, if possible, with a propaganda victory.

4. The chances both of reaching a general settlement and of maintaining Western initiative might be enhanced if the Western Powers were to suggest that, before trying to reach agreement on a general settlement, the powers should first try to reach agreement on a number of specific measures for removing some of the more serious sources of past conflict and of immediate difficulties. These measure could incorporate the essentials of a *modus vivendi* which could continue in operation whether or not a general agreement was reached. They need not prejudice any more comprehensive arrangements reached by subsequent negotiation. Should no general agreement be reached, however, these limited arrangements would themselves represent a considerable achievement on the part of the Council of Foreign Ministers.

5. We consider that a *modus vivendi* would require:

(a) The removal of the incongruous situation created by the presence of Western troops and the existence of Western responsibilities in Berlin deep within territory occupied by the Soviet army; and

(b) The removal of the economic and financial division of Berlin and the assurance of communications with the West.

6. Subject to strategic considerations, on which we are seeking the opinion of the Chiefs of Staff, it would appear to be politically desirable if Soviet troops were to withdraw from Berlin and behind a line beginning, for example, where the western boundary of the Soviet zone touches the Baltic Sea to Berlin, to Magdeburg, to where the western boundary of the Soviet zone touches the Czechoslovak frontier. The Western Powers might make an equivalent withdrawal, for example, from

where the eastern boundary of their zones touches the Baltic Sea to Hamburg, Hanover, Kassel, Frankfurt and along the Main river to the Czechoslovak frontier.

7. This arrangement assumes the establishment of full German authority over transportation in the unoccupied area; in the East by the German Economic Commission, and in the West by the Bizonal Economic Council, pending the establishment of provisional governments. We consider that with Western troops out of Berlin, it would be impracticable for the German authorities to reimpose a blockade, the only purpose of which could be the starvation of fellow Germans.

8. With communications ensured by some arrangements as suggested above, there would appear to be no overriding disability in agreeing to economic and financial arrangements for all of Berlin on the lines of the United States counter proposal submitted early this year to the Technical Committee on Berlin Currency and Trade at Geneva. To attempt political unification of Berlin would, we consider, raise all the questions of ensuring political freedoms in Germany generally which properly belongs to the wider problem of a German settlement. The existing political arrangements, including the presence in Berlin of occupying authorities and their participation in the city government, should be reaffirmed. The actual officials could, of course, be civilians.

Occupation and German Unity

9. In our view the problem of the withdrawal of occupation forces and of the establishment of a central German government are closely inter-related. We would rather not comment on how German unity might be safely effected until it is first known what arrangements might be made for redistribution of occupation forces. As this question has a direct bearing on the security of the North Atlantic area, it would seem appropriate for the North Atlantic nations to examine the security implications of any appreciable change contemplated in military dispositions in Germany before any final decision is taken by the occupying powers.

Austria

10. We assume that the Western Powers will press for a speedy Austrian settlement. It would be unfortunate if the impression were created in Austria that a German settlement or steps to end or limit the occupation in Germany were to precede comparable arrangements for Austria.

Germany's Political and Economic External Relations

11. Should the U.S.S.R. in the early stages of the talks attempt to secure agreement on the principle of an unoccupied, neutralized Germany we would favour, as a counter proposal, the principle of German national independence. The Western Powers should insist on any German government's freedom to take part in the Council of Europe and the O.E.E.C., conditions essential to the integration of Germany into Western Europe.

Frontiers

12. In our view it would not on balance be wise for the Western Powers at this time to support extreme German claims in the matter of the German-Polish frontier. To do so might be a service to the U.S.S.R. which is acutely embarrassed by

the animosity its espousal of the Polish cause has created in Germany, and by the hostility the Soviet Union would incur in Poland if it were to advocate a revision of the Oder-Western Neisse line. An extreme demand by the West would give the U.S.S.R. the chance to agree to a modification of the West's claims and tell the Poles they had saved them from a worse fate at Western hands, and the Germans that what they got was due to Soviet generosity.

13. It would be preferable, we believe, for the Western Powers to propose that the Polish frontier conform to the West's original suggestion, ie. along the Oder-Eastern Neisse line. This could be represented as a reasonable line which the West had always had in mind but had, unfortunately, given the appearance of abandoning under the Potsdam arrangement for Polish administration pending a settlement. The Polish Government had long been aware of the West's views that the present line was provisional but had nevertheless exceeded the Potsdam Agreement by incorporating this territory into the Polish State. The Polish Government had also aggravated the situation by their violation of the Potsdam agreement on the transferring of German populations. The result of all this is a refugee problem in Germany so great as to appear almost insoluble unless a considerable part of the German territory now administered by Poland is restored to Germany.

Prisoners of War and Displaced Persons

14. Although there has recently been some considerable movement of German ex-prisoners of war from the Soviet Union, the Western Powers might insist that the parties to a general settlement undertake to return immediately to Germany all German prisoners of war, deportees and forced labourers. In order that this undertaking may be effective, they might further insist that a four-power or United Nations Commission should have the power to satisfy itself, by on-the-spot investigations, if necessary, that this undertaking was being honoured. This would help to ensure that no Germans (especially scientists and technicians) were being kept away from Germany against their will. This provision would be embarrassing to the Soviet Union in view of the large number of German prisoners still known to be on Soviet territory and the use which the Russians are making of German technicians and scientists in their armament industries.

29.

DEA/7-DE-2(s)

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France*

*Under-Secretary of State for External Affairs
to Ambassador in France*

SECRET

Ottawa, June 3, 1949

Dear General Vanier,

As you know the Canadian Government has expressed a continuing interest in the German question on all occasions when a settlement was under consideration. We have been following the current meeting of the Council of Foreign Ministers

therefore very closely and have found your reports most useful. Owing to the scope of the discussions and the rapidity with which they develop from day to day, it has not been possible so far for us to offer any particularly pertinent comment; nor does it appear to be a suitable time for a formal expression of views on the part of the Government.

I am enclosing, for your personal consideration only, a draft memorandum⁵ which deals with some of the broad issues in a very general way. Some of the points raised have already perhaps been outdated by events in Paris and, as you will see, the draft is quite tentative, but it would be very helpful to have your comments.

As the discussions proceed we should also welcome your judgment on

(a) what particular subjects or aspects of topics on the Agenda of the Council you consider we should be prepared to offer comment either for your own use or for formal or informal communication to members of the Council;

(b) what special Canadian interest may be involved in the discussions, and

(c) when and under what circumstances we should be ready to present the views of the Canadian Government.

In short, any guidance you can offer us in the preparation of material or in the anticipation of events would be most acceptable.

Yours sincerely,

A.D.P. HEENEY

30.

DEA/7-DE-2(s)

L'ambassadeur en France
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in France
to Under-Secretary of State for External Affairs

SECRET

Paris, June 30, 1949

Dear Mr. Heeny,

Your letter regarding the Paris session of the Council of Foreign Ministers although dated June 3rd only reached me on June 15th, the day before the anticipated conclusion of the Council's meeting and two days before it actually terminated. It would therefore not have been possible for us to make any suggestions for formal or informal communication to members of the Council and in any case, for reasons which are developed later in this letter, I hardly think that in the circumstances much purpose would have been served by putting forward Canadian views during the actual session of the Council. In our telegrams during this meeting we have attempted to keep you in touch with the day to day developments in the Council and to pass on to you the views of the three Western Delegations insofar as these have been available to us. I understand that you have been receiving through the United Kingdom Foreign Office a record of the discussions, together with the prin-

⁵ Document 28.

cial texts of documents and that the Foreign Office have also been keeping the Commonwealth High Commissioners in London informed. At this end there were informal daily meetings at the British Embassy attended by representatives of the Australian Embassy, the South African Legation and Mr. Ritchie. Representatives of the Indian Embassy were also present at first but the questions they asked showed very slight acquaintance with the issues at stake and before long they desisted from attending altogether. The meetings were usually taken by Mr. Dean of the United Kingdom Delegation or Mr. Millard of the British Embassy. In addition to the information gathered at these meetings, I have had personal talks with Mr. Bevin and Sir Ivone Kirkpatrick and Mr. Ritchie and Mr. Dean have seen a good deal of each other on an informal footing. Our contacts with the United Kingdom Delegation have therefore been pretty close. So far as the French are concerned, Ritchie has seen M. de Margerie of the Quai d'Orsay at frequent intervals throughout the Conference. De Margerie has talked with rather remarkable frankness and although what he said usually coincided closely with what we already knew from the United Kingdom Delegation his views often brought out special French interests and preoccupations.

Our relations with the United States Delegation have been pleasant enough on the social plane and when Mr. Bevin and Mr. Acheson dined with me at my house I found the latter particularly forthcoming (see my telegram No. 391 of June 7th†—an account of our conversation). On the other hand, in spite of several attempts on our part to establish the same kind of informal liaison with the Americans as with the British and French, we did not get very far. In this respect there was a marked contrast with the eagerness of the Americans to maintain touch with us during the Security Council discussion on Berlin and afterwards at the meeting of the Technical Committee on Berlin Currency and Trade in Geneva when we had information which they wanted to get from us.

Your letter raises important points on which you were kind enough to ask for my judgment in connection with the presentation of Canadian views on the German settlement. Without going back over the long and familiar history of our attempts to secure adequate participation in the preparation of a peace treaty with Germany, I should like to make a few observations on the way in which this whole question has evolved since the failure of the meetings of the Council of Foreign Ministers in Moscow in March 1947 and in London at the end of 1947. At that stage we were, of course, still pressing for the adoption of a procedure which would permit Canada, together with other middle powers, to play a really effective part in drawing up the German peace treaty. From then on, however, it became increasingly unlikely that the great powers would agree on the basis for drawing up a treaty. Thenceforward, Canada's relationship to the German settlement entered upon a new phase. In the first place our advocacy of our right to participation in the peace-making machinery has become increasingly remote from current realities as the prospects of a peace treaty have receded into the indefinite distance, although we had, or course, to maintain our claims and to take such formal action as was necessary at different stages for this purpose. But meanwhile it was becoming increasingly clear that the real decisions affecting the future of Germany (or of that part of Germany whose future the Western Powers are capable of affecting) were being taken on a

tripartite basis by the three Western Occupying Powers. As this situation developed, our position became more complicated. Under the Potsdam Agreement setting up the Council of Foreign Ministers, the limited (much too limited) participation of other allies in drawing up the peace settlement with Germany was, at least formally, acknowledged. Our efforts were directed at making our participation more far-reaching and effective. Our situation with regard to tripartite decision on Germany was less clear-cut. We, like the other middle powers principally interested, were not occupying powers in Germany. We had no formal ground on which to put forward representations as to actions taken by the three Western Occupying Powers, either jointly or singly in their Zones in Germany. We had, on the other hand, a strong political claim to have our voice heard in decisions which were increasingly important in laying down the lines along which the German settlement was likely to develop. This situation was summed up, as you will recall, in a memorandum prepared in the Department for the Secretary of State for External Affairs on April 3rd, 1948, after the 6-Power meetings on Western Germany which took place in London in February and March 1948. As that memorandum stated "it seemed evident that a peace settlement for Germany is being reached and that no satisfactory method has been found for associating the smaller powers with that settlement".

You will recall, of course, that when we decided to put forward informally our views on the future political organization of Germany to the governments of the Western Occupying powers we also decided not to present our Note to these governments claiming fuller association in the peace settlement.

You will also recall that a few weeks later Mr. St. Laurent, at that time Secretary of State for External Affairs, in an important statement in the House of Commons on May 25, put the Canadian position when he said—"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 had declared war against Germany. This, in our opinion would have a delaying effect on the measures that the Occupying Powers were trying to make to bring about some semi-permanent settlement 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 role proportionate to their importance in the conflict". From that time to this, Canadian policy with regard to our association with tripartite decisions on Germany has been based on the position then taken by Mr. St. Laurent. We have realized that the attempts of the three Western Occupying Powers to reach an agreed policy on Germany, difficult and delicate enough in themselves, would have been fatally hampered by the presentation by the middle and smaller powers of a claim to participation in their discussions and decision. We have not wanted to rock the boat. There can be little question of the wisdom and realism of this attitude which indeed has been openly or tacitly shared by the other Commonwealth Governments and to some extent by Belgium and the Netherlands. We were not blind, however, to the fact that these tripartite decisions were indeed shaping the future destiny of Germany in a fundamental fashion—the form of the constitution, the economic organization of Germany, the Ruhr, demilitarization and security—the very questions which would

have formed the subject matter of agreement in the Council of Foreign Ministers and at the Peace Conference had it not been for the dissension between East and West. For this reason we have, from time to time, put forward our views on various aspects of the settlement unofficially to the Foreign Office, the State Department and the Quai d'Orsay. We have not, so far at any rate, felt it necessary to take more formal action because our principal interest has been the general one of seeing agreement developed and maintained between the three Occupying Powers and because their joint views as they have evolved in the course of tripartite discussions, have resulted in a German policy with which we were in agreement. We have therefore been content, for the most part, to hold a watching brief, with the exception of our involvement in the Berlin Trade and Currency dispute arising out of our membership in the Security Council.

You will I hope forgive this somewhat lengthy review of past policy as I understand it, but it has, I think, a direct bearing on the questions which you raise in paragraphs (a), (b), and (c) of your letter. For the considerations which have governed Canadian policy since the failure to reach agreement on a German treaty in the Council became apparent two years or more ago still seem applicable today. Again at the present Council meeting, as in London and in Moscow, Canadian interest in the discussions was a general interest in the establishment of a stable, prosperous and democratic Germany and in 4-Power agreement on the general principles which should govern a peace treaty with Germany. Questions of specific interest to Canada did not arise. It speedily became apparent that there was no more likelihood at this Council session than at previous ones of attaining agreement on a Peace Treaty. The Western Powers took their stand on the necessity for a previous political unification of Germany and the constitution of a German Government with which a peace treaty could be signed. Soviet insistence on an early peace treaty while at the same time side-stepping the issue of political unification, meant that Vychinsky and the three Western Foreign Ministers were talking different languages from the start. Vychinsky's suggestion that the deputies should again take up preparation of a treaty was put aside as unrealistic by the Western Powers in view of the fact that no basis of agreement existed on which they could start to work. At one point in the discussions there was, I believe (for I have not seen the full record of the meetings), a somewhat academic discussion of the procedure to be followed in drawing up a treaty and of the association of other Powers in the peace-making machinery, but in view of the fact that all four Foreign Ministers knew that no such treaty-making machinery was likely to function in the foreseeable future, this discussion was of an abortive character. There was therefore no point at which it would have been appropriate for the Canadian Government to reassert its claims for full participation.

As no opportunity arose for us to put our views within the context of the preparation of a Peace Treaty with Germany, there only remained the possibility of our offering comment on the actual discussion in the Council of Foreign Ministers as it developed. The proceedings at this session of the Council fell into two broad categories. In the first place there was general debate staged largely for public consumption on the principles which should govern a German settlement. As the Canadian Government was presumably in agreement with the principles advocated

by the Western Foreign Ministers—political unification on the basis of the Bonn Constitution, free elections and a guarantee of civil liberties—there was at this stage perhaps little more that we could have achieved by offering our comment than to give our general blessing to this policy. The Council also occupied itself with the detailed discussions of precise questions such as the voting system on the Kommandatura, Soviet claims to German assets in Austria, etc. In these discussions there was an exchange of formulae between the Western Foreign Ministers and M. Vychinsky which formed part of a detailed negotiation. It would have been well nigh impossible for the Canadian Government, however well informed of these negotiations, to offer timely and relevant comment on matters which were the subject of close negotiation between the Four in which each day marked some shift of position or modification in policy. It is in fact difficult to have a policy at all without participation, although as we know from experience at international conferences, policy is apt, within certain general lines to be laid down beforehand.

I now turn to point (c) in your letter, which raises the question of when and under what circumstances the Canadian Government should be ready in the future to present its views. Failing 4-Power agreement on a peace treaty, there remain the possibilities of continuing to present our views through diplomatic channels to the three Western members of the Council, or, if we deem it advisable, making representations to the Council as a whole either expressing our general views on the German settlement or our views on particular points arising out of it. If we should decide to adopt either of these courses in relation to the next meeting of the Council, the date of which is expected to be decided in New York in September, I believe that we should be wise to make our preparations well in advance of the actual meeting of the Council. Indeed I think that it is at this preliminary stage before the Council meets that we shall have the best opportunity of putting forward comment and views which may have some effective bearing on the proceedings. As you know, prior to this session of the Council Dr. Jessup, M. Parodi and Sir Ivone Kirkpatrick, together with their respective officials and experts, worked out a very detailed appreciation of the issues likely to arise at the Council meeting and their recommendations both as to policy and as to the tactics which might be pursued during the Council discussions. When the Foreign Ministers arrived in Paris, they accepted the recommendations put forward by their officials as the basis for an agreed policy to be followed in the Council. By the time the Council opened, therefore, policy had to some extent hardened and, while like all Conferences and perhaps even more than most, this Council meeting diverged from expectations and resulted in new shifts in policy, this agreed memorandum was important in clarifying the intentions of the Western Powers. I am inclined to believe that the stage just prior to the meeting of the Council would have been the appropriate moment for us to put forward our comments at the official level. For these comments to be a useful contribution to the discussion it would, of course, be necessary for us to have prior knowledge of the proposed agenda of the meeting and full information as to the development of thinking on German questions in Washington, London and Paris. This information, however, was pretty fully available to us (at any rate so far as London and Paris were concerned) in the case of the present meeting and will no doubt be so again. Comment on precise points likely to arise in discussions is

always apt to be more helpful to those preparing for a negotiation than a statement of general principles. If we have sufficient information to prepare such comment in advance it might, I think, give us an opportunity to participate at least in some measure in the preliminary discussions engaged in by the representatives of the three Western Powers before the Council meeting begins. The Canadian representative would then be able to call up his United States, French or British colleagues with specific suggestions and this in turn would give him a basis on which to conduct informal talks with them and would put him in a better position than if he were simply seeking information. It would be for consideration whether, as the Council session progressed, the Canadian Government might find it advisable to develop these unofficial suggestions into a formal representation to some or all of the members of the Council. I think that some procedure of this kind would be more effective than the presentation of our views for the first time in the midst of a Council session when lines of policy have hardened and when representatives on the Council are busily engaged in the heat of debate and negotiation.

To turn for a moment from the German settlement to the Austrian Treaty, there our position is, of course, a somewhat different one. Between now and September 1st the deputies are supposed to draw up an Austrian Treaty in final form so, in that case, the question of our adequate participation within the framework of treaty-making procedure does arise. I am not sure that our records here are quite complete with regard to Canada's participation in the Austrian Treaty. So far as I am aware, however, we have never received any reply to the request contained in the representations which we submitted to the special deputies for Austria on February 25th, 1947, asking that "an opportunity will be provided for Canada and the other Allies to examine the Draft Treaty with Austria before it is put in final form by the Council of Foreign Ministers for signature and ratification". The last development with regard to the Austrian Treaty of which we have any record here in the Embassy was the interview which Mr. Wilgress had on March 21st with Mr. Bevin (see despatch from the Canadian Chargé d'Affaires in Moscow No. 238 of May 14th, 1947) in which Mr. Wilgress explained that the Canadian Government would be prepared to be listed in the Preamble of the Treaty and sign as a full participant only if the opportunity were given to examine the Treaty in its final form and before the signature by any State, provided the terms were acceptable. Mr. Bevin said on this occasion that he was in favour of an adherence clause because it would take too long to consult with the other Allied States and secure their signatures simultaneously with the signatures of the 4-Powers. I do not know what the most recent views of the United Kingdom Government or of Washington and Paris may be on this point but I should imagine that having at last obtained agreement in principle on the form of a Treaty and being exceedingly anxious to see its early completion, they would not favour any procedure which might delay attaining this objective and might consider association of other Allied States to provide such a complication (besides raising special difficulties in the case of Yugoslavia). Perhaps, therefore, we would continue to prefer adhering to the treaty in whose preparation we had not participated. However, I should be grateful to have your views on this question. Meanwhile as far as we have been able to ascertain, there was no discussion in Paris of the association of other Allied States with the preparation and sig-

nature of the Austrian Treaty. It may be that if we have decided that we do not wish to be listed in the Preamble of the Treaty or to sign it, we should make our views known to the special deputies (unless there is a gap in our records and this action has in fact already been taken). In any case, I assume that touch will be kept with the Foreign Office as to the progress of the work of the special deputies and we will be informed when the question of the association of other allies in the treaty comes up for discussion in that body.

I am sending you herewith comment on the draft "Canadian Comments on a German Agreement" of May 25th which was enclosed with your letter and which, if I may say so, struck me as a very able and interesting paper.

I fear that this letter has grown much longer than I intended but it hardly seemed possible to deal with the points which you raised without some consideration of the background of the whole question.

Yours sincerely,

GEORGES P. VANIER

[PIÈCE JOINTE/ENCLOSURE]

SECRET

NOTE ON THE DRAFT "CANADIAN COMMENTS ON A GERMAN AGREEMENT"
OF MAY 25, 1949

Paragraphs 1 and 2. Questions arising out of these two paragraphs have been dealt with in my covering letter.

Paragraph 3. This may be an appropriate connection in which to attempt a brief estimate of Soviet intentions as revealed in the course of this session of the Council.

a) It is now clear that the U.S.S.R. did not want a settlement badly enough "to make serious concessions in order to obtain it". The principal misconception as to Soviet policy which existed in some quarters and which was to some extent reflected in Western official circles was the belief that the Soviet Union was aiming *at this stage* at setting up a unified and "neutralized" Germany which they would hope to draw into their own camp through pressure on a central government in Berlin. The fear of a Russo-German rapprochement was in the back of the minds of many Western observers. There was some tendency to think that the Soviet Government might even give up its control over the Eastern Zone of Germany and advocate the early withdrawal of Occupation troops in order to obtain a German Government which might be susceptible to Soviet pressure and grateful to the Soviet Union; this surmise credited the Soviet Union with greater possibilities of attracting a united Germany than the Kremlin's own estimate of the situation. It may be that the high percentage of anti-Communist votes cast in the elections in the Eastern Zone of Germany coming just before the Council of Foreign Ministers revealed to the Soviet Government the strength of anti-Soviet sentiment in Germany; it may be too that pressure from satellite governments, particularly Poland, influenced Soviet policy. In any case, it became evident that the Soviet Govern-

ment did not want a unified Germany now and were therefore not willing to make the slightest concession to obtain it.

b) What the Russians did apparently want was to gain some compensation in economic terms for raising the blockade of Berlin (although raising the blockade was a political and practical necessity from their own point of view).

c) The Soviet Government undoubtedly also desired to create a "détente" in the strained relations between East and West. This was perhaps their major political interest in the Council meeting. They had one eye on Washington throughout and particularly on Congress and they obviously hoped that the success of the Council would delay the passage of military aid legislation through Congress until the long-awaited American economic depression became a reality. The emphasis which Communist propaganda is putting on the improved prospects in relations between East and West resulting from this meeting underlines the aspect of their policy.

On the other hand if the Russians hope to obtain [a] propaganda victory over the German population by proving themselves the advocates of an early German settlement they seem to have played their hand badly. Indeed one of the surprises of the Conference was the clumsy way in which Vychinsky handled propaganda themes. His advocacy of a "return to Potsdam", his insistence on 4-Power control and above all his refusal to give any satisfactory answer to Mr. Bevin's question "would the Russians oppose the conception of a German Government" were hardly likely to commend themselves to German opinion. It is true, of course, that Vychinsky did argue in favour of a very early peace treaty and of troop withdrawal (although not immediate withdrawal but only one year after the conclusion of the treaty). No doubt Soviet propaganda will repeat ad infinitum that the Soviet Government was only prevented from obtaining these objectives by the obstruction of the Western Powers. It remains to be seen how much effect this will have on the Germans. All present indications in the West German press seem to show that they are unimpressed by the Soviet propaganda case.

Paragraph 4. The order in which it is suggested in the Memorandum that the business of the Council should be conducted is the reverse of the order in which business was actually dealt with. The council began with what proved to be a fruitless and time-consuming discussion of general issues and only in the last days of its existence did it get down to negotiation of the agreed communique on Germany and the Austrian Treaty. You may perhaps have noticed that the London Times in several leading articles published during the meeting of the Council advocated an order of business similar to that suggested in the Draft Canadian Memorandum. In the event it is hard to say whether the order of handling business had much effect on the outcome of the Council's meeting. One factor which influenced the Western Foreign Ministers, and particularly Mr. Bevin, not wishing to tackle the general issue first was the desire to make a declaration at an early stage of the principles on which the Western Powers would be willing to proceed with the unification of Germany.

Paragraphs 5, 6, 7, 8 and 9. The modus vivendi, if can be so described, actually reached by the Foreign Ministers in their agreed communique on Germany was a very much more modest affair than that contemplated in the Draft Canadian Memo-

randum, which is based on the withdrawal of Occupying Forces from Berlin and the creation of a central unoccupied area in Germany. The three Western Foreign Ministers agreed in Paris before the Council meeting began that they would not favour any troop withdrawal although they might under favourable circumstances have been prepared to consider the regroupment of troops of all the four Occupying Powers and the concentration in garrisons in the centres of their respective Zones. It would be interesting to know the views of the Chiefs of Staff on the strategic considerations involved in the plan sketched out in the Draft Canadian Memorandum. The political objection to any measure of troop withdrawal and particularly to the so-called "Kennan Plan" for withdrawal based on German ports (a more extensive proposal than that contemplated in the Draft Canadian Memorandum) was strongly felt in Paris. As we reported in our telegrams at the time, the French were particularly alarmed at such a possibility and were much relieved to be informed by Dr. Jessup that the United States were not considering anything of the kind. The broad argument against any measure of actual withdrawal of troops was that this would look like a Western retreat and would have a very unfavourable effect, particularly on Western European countries neighbouring on Germany. It was felt that particularly coming just after the conclusion of the Atlantic Pact it would have a unfortunate psychological effect. It may be recalled that the French in particular are very insistent on the idea of a defence "in depth" of their Eastern frontiers. Any step which at this juncture brought the Western Occupation Forces back nearer to the line of the Rhine would certainly have been viewed with alarm and despondency by the French Government. Meanwhile the problem to which your Memorandum calls attention of the "incongruous situation created by the presence of Western troops and the existence of Western responsibilities in Berlin deep within the territory occupied by the Soviet Army" remains. The solution put forward in the Draft Canadian Memorandum may yet have to be considered in different political circumstances from those which existed at this session of the Council. As is suggested in that memorandum, it would seem appropriate for the North Atlantic nations to examine together the security implications of any change contemplated in the disposition of the occupying forces in Germany.

Paragraph 10. There appears now to be a fairly good chance of obtaining a speedy Austrian settlement as advocated in this memorandum.

Paragraph 11. The line advocated here was more or less that followed by the Western Foreign Ministers in Paris in their Preparatory Memorandum. Actually the subject did not quite come up in this form as the Soviet representative pressed not for a neutralized and unoccupied Germany *now*, but for the completion of the Peace Treaty plus the setting up of a German Economic Council. In fact it was pretty plain that the Soviet Government could not risk a neutralized Germany *now*, or in fact any kind of unified Germany *now*, because they knew that such a Germany would not in reality be neutral but would be pro-Western.

Paragraph 12. The question of the Eastern Frontiers never in fact arose at this Council session. The Western Occupying Powers were undoubtedly very much aware of the type of argument put forward in the Draft Canadian Memorandum but they were reluctant to take any stand at this time on a vexed and delicate issue which might have set in train unforeseeable complications. As you will have seen

from my telegram 351 of May 9th, the French Ambassador in Washington reacted most unfavourably to a suggestion by the State Department that the Polish Government should be asked to admit as settlers a number of refugees from the areas which they occupy in Eastern Germany who are now in Western Germany. M. Bonnet took the line that this would be regarded as a first step in the direction of returning the Eastern Provinces to Germany and as such was most undesirable. The Soviet Government for their part seemed equally anxious to avoid this thorny question in Paris.

31.

DEA/7-DE-2(s)

Rapport sur la réunion du Conseil des ministres étrangers
Report on the Council of Foreign Ministers' Meeting

SECRET

[Ottawa], July 19, 1949

COUNCIL OF FOREIGN MINISTERS' MEETING, PARIS, MAY 23-JUNE 20, 1949

Introduction

The Council of Foreign Ministers was established by the Potsdam Conference of July-August, 1945, to be composed of members representing the United Kingdom, United States, France and the USSR. The Council was responsible for concluding peace settlements with Germany and its allies. It was subsequently agreed that the Council should assume the same responsibility for a treaty reestablishing Austria as an independent state, following the decision reached at Moscow in October, 1943. All these responsibilities have been disposed of except for the preparation of the Austrian and German Treaties.

2. Concerning the Austrian Treaty, the Council of Foreign Ministers first discussed a draft at Moscow in March, 1947. This draft has been subject to lengthy but interrupted discussion by the Foreign Ministers' Deputies since then and at the opening of the Paris meeting no agreement had been reached. Indeed, they could not agree on how they should report their differences to the Council.

3. Concerning Germany, the Potsdam communique had this to say: "The Council should be utilized for the preparation of a peace settlement for Germany to be accepted by the government of Germany when a government adequate for the purpose is established."

4. Although the Council of Foreign Ministers was intended to deal with Germany's future, leaving day to day administration to the Four Power Allied Control Council, it soon became a court of appeal for the Allied Control Council where the rule of unanimity paralysed government. In its effort to agree on a German peace, the deliberations of the Council of Foreign Ministers have been constantly complicated by the need to settle urgent problems of the day.

5. At the Council's meeting at London in November-December, 1947, an attempt was made to discuss terms for a peace settlement but the Western Powers were particularly concerned to obtain Soviet agreement on much more limited issues. From their point of view, a formal peace might be delayed without too much harm

being done but the same could not be said for the solution of the great and increasing number of political and economic problems confronting the occupying powers in Germany:

6. The failure of the Potsdam machinery to deal with these problems brought the Western Powers to the London meeting in the hope that a general settlement might provide the answers or, at least, that Mr. Molotov would reverse Marshal Sokolovsky's vetoes and allow quadripartite government to function.

7. The Soviet Foreign Minister, Mr. Molotov, showed that his Government did not intend to permit a Four Power solution of the vital issues of Germany's future. He sought, it must be assumed, to keep Germany as a financial drain on the Western Powers and to prevent Germany from contributing to the new United States plan for European recovery. This policy had the added attraction, to the Communists, of maintaining political instability in Germany.

8. The failure of the London meeting of the Council of Foreign Ministers to deal with immediate problems, let alone problems of a peace treaty, led the Western Powers to consult among themselves on how they might best introduce conditions of stability into as much of Germany as lay within their control. The London Talks of February–June, 1948, produced the broad outline and subsequent agreements among the three Occupying Powers—sometimes Benelux and sometimes German representatives took part—have filled in the details, which now amount to a reasonably complete peace settlement for the three Western Zones of occupation.

9. This process had not gone very far before it provoked a violent Soviet reaction at the point where the West was most vulnerable—Berlin. The Berlin blockade, owing to the successful airlift and counter-blockade, not only failed in its purpose of bringing developments in Western Germany to a standstill but enhanced the West's prestige and hurt the economy of the Soviet Zone.

10. Negotiations in Moscow in the summer [of] 1948 and at the United Nations in Paris in the fall came to nothing. It was not until the airlift surmounted the trying winter months that the USSR showed any interest in seeking a way out.

11. Through informal talks between Mr. Malik, a Soviet representative at Lake Success, and the United States delegate, Mr. Jessup, carried on between February 15 and May 4, 1949, the USSR indicated its willingness to accept conditions for the lifting of the blockade, the substance of which it had previously rejected. The blockade was lifted on May 12 and the Council of Foreign Ministers was called for May 23. The USSR's earlier position was that the blockade could not be lifted until the Council of Foreign Ministers had been summoned. The Western Powers refused to have the Council of Foreign Ministers meet while under the duress of the blockade.

12. The communique, released on May 5, in which the agreement was announced said that the Council of Foreign Ministers would "consider questions relating to Germany and problems arising out of the situation in Berlin" including also "the question of currency in Berlin".

Part I—Summary of Discussions

A. Agenda

13. At the first meeting of the conference on May 23, Mr. Schuman proposed the following agenda:

- (1) Problems of German unity including economic and political principles and allied controls.
- (2) Berlin, including the currency question.
- (3) Preparation of the German Peace Treaty.
- (4) Discussion of the Austrian Treaty.

The other three Foreign Ministers quickly agreed except for a mild suggestion by Mr. Vishinsky that the first item be "Four Power control of Germany". Mr. Vishinsky also raised, but did not immediately press the question of a conference to discuss the Japanese Peace Treaty.

14. The Council devoted eighteen meetings, from May 24 to June 12, to repetitive and largely futile discussion of the first three items on the agenda. It became obvious that no real agreement was to be expected. The Western Powers therefore, at a restricted meeting immediately following the open session on June 12, tabled proposals for continuing consultation on the various German questions. At the same time Mr. Schuman suggested that the Foreign Ministers could agree on the three major questions involved in the Austrian Treaty and instruct their Deputies to finish drafting that Treaty by September 1. One more week was consumed in bargaining on the details of these two sets of proposals.

15. The course of the discussions in the first three weeks is briefly reviewed below by topics, followed by an account of the salvaging process in the last week of the conference.

B. German Questions

Problems of German Unity

16. Mr. Vishinsky took the initiative in the discussion of German unity. He made a long statement, apparently "for the record", reviewing the alleged failure of the Western Powers to carry out the arrangements for Four Power control agreed upon at Potsdam and condemning tripartite arrangements in the Western Zones. He followed it by proposals for the reestablishment of the Allied Control Council for Germany, the Inter-Allied Kommandatura of Berlin and the All-Berlin Magistrat and for the creation of a German State Council based on existing German economic organs.

17. The Western Ministers countered with the general argument that these proposals were retrograde in reverting to arrangements which had already proved unworkable, that they dealt only with the machinery of control and avoided the basic political and economic principles which must first be agreed upon, and that they would mean the abandonment of the progress made in the Western Zones in rebuilding the German economy and restoring to the Germans control over their own affairs. Mr. Vishinsky repeatedly refused to discuss practical issues such as reparations. In rebuttal of figures quoted by Mr. Acheson to show the progress

made in restoring the German economy in the Western Zones, Mr. Vishinsky produced optimistic figures on the prosperity of the Soviet Zone, including a claim that industrial production was now 96% of 1936.

18. At the sixth meeting Mr. Bevin put forward the Western proposals for German unity. They included the accession of the Eastern Zone to the Bonn Constitution, on specific conditions of freedom for all political parties, free speech, an independent judiciary etc., and the enactment of a quadripartite Occupation Statute similar to that now applicable to the Western Zones. Mr. Vishinsky completely rejected these proposals and reiterated his own. After three more meetings it was apparent that the deadlock was complete and the Council passed onto the next item on the agenda.

Berlin

19. The initial proposals of the Western Powers on Berlin were put forward by Mr. Acheson at the tenth meeting on June 2. They called for a reconstitution of the City Government as in 1946 and the drafting of a new constitution by the Berlin Assembly, with the simultaneous reestablishment of the Four Power Allied Kommandatura on a basis to be agreed by the Foreign Ministers at this conference.

20. In the course of the next few meetings the Western Ministers produced detailed arrangements for the Berlin elections and for the division of powers between the Magistrat and the Kommandatura. Mr. Vishinsky refused to accept any real modification of the "unanimity rule" in the Kommandatura or to turn over to the Magistrat any appreciable degree of power.

21. The blockade of Berlin was officially lifted on May 12 in accordance with the New York Agreement. In fact, however, when the Council convened on May 23 restriction on transportation had not been entirely removed and negotiations were still proceeding in Berlin. The Soviet authorities maintained restrictions which were, in the view of the Western Powers, in contravention of the New York Agreement. (The strike of Berlin railway workers, which continued throughout the conference, further complicated the problem of restoring transportation to and from the Western Zones). At the 16th meeting on June 9 the Council agreed to instruct the four Commandants in Berlin to complete by June 13 the negotiations arising from the New York Agreement, although Mr. Vishinsky at first maintained that all Soviet restrictions on trade and communications had been removed.

22. At the same meeting Mr. Vishinsky insisted on discussing the Berlin currency question and demanded the introduction of the Eastern mark as sole currency. He based this demand on the directive issued on August 30, 1948, after the Four Power talks in Moscow and tried to use the report of the Technical Committee set up under the auspices of the Security Council to support his case. The Western Powers pointed out that a single currency was out of the question in a city whose administration was split. In an exchange with Mr. Vishinsky on the subject of the Technical Committee, Mr. Acheson made the point that the Committee had not made recommendations—it had produced proposals which were not, however, acceptable.

The German Peace Treaty

23. The Council turned to the third item on the agenda at the seventeenth meeting on June 10. Mr. Vishinsky made a speech aiming to prove that the USSR was the sole champion of the German Peace Treaty. He proposed that the four Governments prepare separate drafts of a Treaty, providing particularly for the withdrawal of occupation forces a year after the conclusion of the Treaty, and that the procedure for the preparation of the Treaty be settled at this session of the Council.

24. Two more meetings were spent in pointless discussion of Mr. Vishinsky's suggestions. The Western Ministers stressed the futility of attempting to draft a treaty when such problems as reparations and German unity were far from settled. On the proposal for the withdrawal of occupation troops, Mr. Acheson suggested that the Soviets make a beginning by reducing the 340,000 troops they had in a Zone half as large as the Western Zone, where there were only 270,000 troops. Mr. Vishinsky asserted, in contradiction, that the Western Powers had 400,000 troops in Germany.

Permanent Consultation on Germany

25. At a restricted meeting of June 12, the Western ministers, convinced that further discussion of the general issues at this meeting was pointless, presented a plan for continuing consultation. The provision of the plan included:

(a) An exchange of views at the next session of the United Nations General Assembly on arrangements for a further meeting of the Council to discuss Germany.

(b) Consultation between the occupation authorities in Berlin on increased trade, movement of persons and the exchange of information between Berlin and the Zones, and on the administration of Berlin.

(c) Consultation with German experts to assist in this work.

(d) Negotiation of an agreement in Berlin on the requirements of the Western Allies for communication and transportation to and from the Western Zones.

26. These proposals were accepted by Mr. Vishinsky as a basis for discussion and for another week the Council bargained over the details, and simultaneously discussed the Austrian Treaty. Mr. Vishinsky's counter-proposals contained some minor changes in the wording, provision for a coordinating German economic body between the Zones, a reference to developing financial relations between the Zones and a redraft of the paragraph on access to Berlin which placed the responsibility for maintaining communications on the occupation authorities in their respective Zones. The Western Powers revised their proposals partially to meet Mr. Vishinsky's suggestion and eventually an amended version, in the form of a communiqué, was agreed upon. The final text of the communiqué is appended to this memorandum. In brief, it expresses the intention of the Ministers to discuss at the next session of the General Assembly arrangements for another meeting of the Council, provides for continuing consultation between the occupation authorities on trade and other relationships between the Eastern and Western Zones of Germany and between sectors of Berlin, and reaffirms the agreement on the lifting of the blockade.

C. Austrian Treaty

27. At the meeting on June 12 at which the Western Ministers presented their plan for continuing consultation on Germany, Mr. Schuman suggested that the Council try to reach agreement on what appeared to be the three major questions involved in the Austrian Treaty, viz., delimitation of the Austrian frontiers; Yugoslavia's claim for reparations; and the settlement of Soviet claims to German assets in Austria. With these three issues settled, the Deputies of the Foreign Ministers could be instructed to finish drafting the Treaty by September 1. Mr. Vishinsky gave his general assent to this procedure.

28. In the subsequent discussion, Mr. Vishinsky made some notable concessions, although he also bargained very closely on certain details. The outstanding change in the Soviet attitude was the abandonment of support for Yugoslavia's claims to reparations and cessions of territory. Mr. Vishinsky was particularly stubborn over the wording of a provision for the export of profits and other incomes from German assets in Austria ceded to the USSR. On the last day of the conference, after the final communiqué had been issued to the press, Mr. Vishinsky suddenly asked for another meeting to amend this section. He had apparently received new instructions from Moscow. He demanded the re-inclusion of a paragraph which it had been agreed earlier to omit. Mr. Acheson, on behalf of the Western Powers, agreed to its inclusion with the proviso that the point be subject to clarification by the Deputies. Mr. Vishinsky, however, would not consider any modification or clarification of his proposal and was forced to drop it.

29. The agreement on the principles of the Austrian Treaty, which is also included in the communiqué appended to this memorandum, provides *inter alia*:

(a) That Austria's frontiers shall be those of 1938;

(b) That Yugoslavia shall have the right to Austrian property within its territory and that the Treaty will provide a guarantee of protection for Slovene and Croat minorities in Austria;

(c) That in compensation for German assets ceded to Austria, the USSR will receive \$150,000,000 from Austria in six years. In addition other specified German assets are to be retained by the USSR;

(d) That the Deputies of the Foreign Ministers will complete the drafting of the Austrian Treaty by September 1.

D. Japanese Peace Treaty

30. At the last session of the Council on June 20 Mr. Vishinsky reverted to the question of the Japanese Peace Treaty, which he had raised in the course of discussion on the agenda. He suggested that the Foreign Ministers set the date for a meeting to deal with this question, to which China should be invited.

31. The Western Ministers held that the Council of Foreign Ministers was not the appropriate body to deal with this matter and that the other nations represented on the Far Eastern Commission must participate in the Japanese peace-making. Mr. Vishinsky made an unsuccessful attempt to prove that the Potsdam agreement provided for the drawing up of the Treaty by the Council of Foreign Ministers. Having

stated their respective positions the Ministers quickly agreed that further argument was useless.

Part II—Commentary

A. German Questions

32. Mr. Vishinsky's first major speech suggested, and later discussions confirmed, that he had no realistic offer to make on the issues standing in the way of a unified Germany. He did not, however, immediately seize the opportunity to indulge in purely propaganda speeches. His proposal to reestablish the Allied Control Council was hardly designed to appeal to the Germans and was only slightly softened by the suggestion for a German State Council. But with the tabling of the Western programme for German unity, Mr. Vishinsky launched into a long propaganda display in which he attacked the Bonn Constitution as a "diktat" of the Western Powers and contrary to Potsdam. He followed this up with his completely unrealistic demand for a Peace Treaty and the withdrawal of occupation troops—obviously aimed at his German audience.

33. For some time after it became obvious that Mr. Vishinsky was deliberately advancing proposals which he knew to be unacceptable to the Western Powers, it was thought that he might be interested in achieving some kind of agreement on trade between the Eastern and Western Zones. However, no serious attempt was made by the Russians to achieve a *modus vivendi* in this field. The provisions for encouraging trade which did emerge from the conference were largely a result of initiative of the Western Powers. It is possible that the Russians had intended to try for an agreement on trade between the Zones, after a preliminary propaganda barrage, but decided that they had no need to make any concessions to obtain it. The mounting evidence of a recession in the United States may have convinced the Soviets that they and not the Western Powers were in the stronger position.

34. If, as seems probable now, the Soviet Union made no more use of the conference, as regards German problems, than as a platform from which to reiterate their views, the question remains, why they took the trouble to have the meeting called. Although they had acknowledged by agreeing to lift the blockade that it had been a tactical failure they may have believed, as suggested above, that they held the better cards and that the Western Powers would be forced to make concessions.

35. It has been suggested, also, that one Soviet object may have been to achieve a *détente* which would delay approval of the North Atlantic Treaty and passage of a military aid bill by the United States Congress. The lifting of the blockade had a tendency to weaken public support for these measures. It seems certain that Mr. Acheson did not want an agreement with the Russians on Germany to emerge from the conference. It could hardly have been achieved without compromising on vital Western policies in Germany and it might, by making the Russians appear reasonable, have seriously endangered Congressional support for the whole United States program including ERP.

36. The arrangements for Germany enumerated in the final communiqué have been termed a *modus vivendi* but they are rather an undertaking to consult on working out a *modus vivendi*. The only definite gain that the Western Powers appear to

have made is the fairly explicit commitment on access to Berlin. Apart from that, the result is the purely negative one of not having given anything away.

B. The Austrian Treaty

37. The readiness with which Mr. Vishinsky accepted the Western plan for settling the basic principles of the Austrian Treaty was probably the only surprising development at the conference. The Soviets apparently decided that their support of the Yugoslav claims was no longer useful in their struggle with Marshal Tito and therefore sold out the Yugoslavs.

38. The Russians have obtained substantial economic interests in Austria. Besides the cash payment of \$150,000,000 they have been ceded 60% of the oil rights in Eastern Austria and the bulk of the assets of the Danube Shipping Company. On the other hand, they will have to withdraw their troops from Austria. They may, of course, raise further difficulties in negotiating the details of the Treaty or procrastinate on troop withdrawal after the Treaty is signed.

39. The Austrians themselves have been increasingly restive under the occupation and very anxious to see a Treaty concluded. They feel confident of being able to deal with their native Communists and the remaining Soviet administrative and technical personnel once the Soviet army is gone. They believe that the admittedly heavy drain on their economic resources involved in the terms of the Treaty is a price worth paying to rid themselves of the Red Army. The lifting of the burden of occupation costs is, of course, a compensating factor. It is important to note that the conclusion of an Austrian Treaty will remove the legal basis (maintenance of lines of communication for Soviet forces in Austria) for the presence of Russian troops in Roumania and Hungary.

C. General

40. The discussions on the Allied side were dominated by Mr. Acheson. Mr. Bevin's health was evidently poor: he was bored by the legalistic battle raging about him and physically ill. More and more he tended to leave Mr. Acheson free to make the running. Throughout, the latter employed the tactics and methods of the highly skilled legal counsel that he is, and in this seems to have won an ascendancy over Mr. Vishinsky. The latter appears to have been under a severe double handicap during the debates. He was given no latitude whatever by Moscow and it is reported that his master in the Kremlin became inaccessible during the last days of the meeting. Moreover, it became clear also that Mr. Vishinsky's forte is that of the prosecuting attorney, not a diplomat, and for this type of ability the Paris meetings gave little or no scope.

41. The policy followed by the United States delegation evidently assumed that an acceptable general settlement was not possible; first, because a meeting of the Council of Foreign Ministers was not an occasion best suited to negotiations on matters of great delicacy and secondly, because the time was not right for agreement. It is also clear that the USSR was not prepared to offer any dramatic concessions to obtain an early settlement but, on the other hand, it did not intend to break the communications it had so laboriously established at Lake Success.

42. The results of the meeting reflect the cautious attitudes taken by the dominating delegations. Little was accomplished toward a settlement of outstanding issues but ample provisions were made for putting off decisions without breaking off negotiations.

32.

DEA/7-DE-2(s)

*Conseiller, ambassade en France
au sous-secrétaire d'État aux Affaires extérieures*

*Counsellor, Embassy in France,
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Paris, August 19, 1949

Dear Mr. Heeney,

I noticed in reading the report on the meeting of the Council of Foreign Ministers held in Paris between May 23rd which was prepared in the Department and which was forwarded to us under cover of your Circular Document No. A.53 of August 6th,† a somewhat unflattering reference on page 8 to M. Vishinsky's capacities as a diplomat. You will recall that it was stated in paragraph 40 that "it became clear also that M. Vishinsky's forte is that of a prosecuting attorney, not of a diplomat, and for this type of ability the Paris meetings gave little or no scope". It seemed to be the opinion of the officials of the three Western delegations at the Council that Vishinsky had not put on a very impressive performance in Paris and the general view of those who had been present at the meeting seemed to bear out the statement contained in the Department's report. It may be worth recording, however, that on the occasion when Mr. Bevin dined with the Ambassador during the meeting of the Council in Paris, the question of Vishinsky's capacity as a diplomat was raised in general conversation. Mr. Bevin intervened in his usual emphatic fashion to pay tribute to Vishinsky's abilities as a diplomatic negotiator. He said he thought it would be a mistake to underrate Vishinsky.

Some members of the Canadian Delegation at the meeting of the United Nations last autumn in Paris may recall the behind-the-scenes conversation which took place between Vishinsky and Senor Bramuglia, the President of the Security Council, in connection with the attempt of the "neutrals" on the Security Council to find a solution to the Berlin problem. Certainly these conversations seemed to be conducted on the part of M. Vishinsky with great adroitness. It would be a mistake to underrate one's opponent and my own impression, for what it may be worth, is that any diplomat who entered into negotiations with Vishinsky would be well advised to keep his eyes about him. In fact Vishinsky's admittedly poor showing at the last meeting of the Council of Foreign Ministers does not seem to have much bearing on his skill as a negotiator. In the early weeks of the meeting no serious negotiation took place but rather there was arid exchange of prepared statements and a hollow bickering over legalistic points. It was only in the last few days of the meeting that the Council got down to negotiation over the agreed communique. A perhaps more justified criticism of Vishinsky might be that he fumbled the publicity aspect of his state-

ments on Germany in the Council. Here, however, it is probable that he was, as is suggested in the Department's report, limited by very rigid instructions from Moscow.

In passing, I should also like to comment on the statement contained in the same paragraph of your report regarding Mr. Bevin's health. While he was certainly in poor physical shape when he was in Paris, I do not know that we should go so far as to describe him as "physically ill". I make this point in case statements made to me by various members of the United Kingdom Delegation about Mr. Bevin's health, which I passed on to the Department, may have left an exaggerated impression. As it happens I was talking to one of his Private Secretaries only a week or two ago and this subject came up. He said that the Foreign Secretary was undoubtedly thoroughly exhausted by arduous and uninterrupted years of government responsibility. He thought that his basic trouble was fatigue and that he was ageing rapidly under the strain—"he is a tired old man" were his words—but he did not think he had anything gravely the matter with him.

Yours sincerely,
C.S.A. RITCHIE

SECTION C

TRAITÉ DE PAIX AVEC L'AUTRICHE PEACE TREATY WITH AUSTRIA

33.

DEA/50129-40

*Note de la direction d'Europe
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from European Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], November 28, 1949

AUSTRIAN TREATY

The communique issued on June 30, 1949, after the Paris meeting of the Council of Foreign Ministers, laid down the principles on which agreement on the Austrian Treaty was to be sought. The Foreign Ministers' Deputies who have been negotiating the Treaty since January, 1947, were instructed to report on September 1. When this deadline passed nine articles remained unagreed. The Foreign Ministers of the four negotiating Powers themselves met in New York on September 26, September 28, and October 6 to attempt to break the deadlock. The Deputies were instructed to continue their meetings and have since reduced the number of unagreed articles to seven. The principal obstacle for many months has been Article 35 (German Assets in Austria) which provides for the granting of oil concessions and the property of the Danube Shipping Company (D.D.S.G.) to the Soviet Union. Recent reports indicate that negotiations have reached a critical stage and that once the text of

Article 35 is agreed the remaining six unagreed articles will present little difficulty. Substantial progress appears to have been recently made on Article 35.

2. In these circumstances, it is considered advisable to review existing Canadian policy on the Austrian Treaty to see to what extent our policy may still be applicable, what comments the Government might like to make on it before agreement is reached, and what attitude the Government might take in the event of an agreement.

3. *Existing Canadian Policy*—On February 25, 1947, the views of the Government were transmitted in a memorandum to the Special Deputies. The same day Mr. St. Laurent read a statement to the House of Commons (copy attached as annex B).† The statement applied to the Austrian settlement the same position as the Government has taken in connection with the German settlement i.e. that Canadian participation in the settlement should reflect the part Canada played in the defeat of nazism.

4. In the February statement the Government supported the declaration of the Moscow Conference of 1943 which expressed the intention of the four powers to see re-established a free and independent Austria. At the same time the Government referred to Mr. Mackenzie King's statement of January 30, 1946, in which he said that the Government "noted with satisfaction the steps which have been taken in Austria and which had resulted in the re-establishment of an autonomous Austrian state and of an independent Austrian government". These principles are reaffirmed in Article 1 of the draft Treaty as it has been agreed by the United Kingdom, United States, France and the U.S.S.R.

5. The memorandum suggested that the boundaries should be those existing before the Anschluss and this has been agreed in Article 5.

6. Our desire to see an early withdrawal of occupation forces after the ratification of the Treaty is met in Article 33 of the draft Treaty.

7. Our proposal that the powers of the Allied Commission should be handed over to the Austrian Government appears to be satisfied by Articles 1, 2 and 33 of the draft.

8. The prohibition against a new Anschluss, mentioned in our statement, is incorporated as Article 4 of the draft.

9. The declaration that the signatories will respect Austria's independence (Article 2) contains no guarantee for the security and future integrity of Austria which the Government, in its statement, considered to be a matter for the United Nations or the four great powers.

10. Section II (Articles 21–30) of the draft deals with the establishment and preservation of democratic institutions and human rights as well as with the suppression of German and nazi organizations about which the Government expressed concern.

11. There are, then, only two aspects of the Treaty in which the Government has shown interest that may not be adequately looked after by the draft. The first is the general desire that the settlement should be "of a nature to contribute to a set of circumstances mostly likely to ensure a permanent European peace". This requirement is further examined below. The second Canadian requirement so far unful-

filled is for an acceptable procedure for associating this country with the settlement. Events since February 25, 1947, will have to be taken into account and so this subject is discussed more fully below.

12. *Present Canadian Interests*—In a letter (to the Minister of Mines and Resources) dated January 22, 1948, on the subject of Austrians entering Canada, the Secretary of State for External Affairs said:

“The position now is that Canada never recognized *de jure* German sovereignty over Austria, although *de facto* recognition of German sovereignty was accorded. Austria is now recognized as an autonomous state, liberated from German occupation. Canada was never at war with the political entity of Austria, nor with any Austrian predecessor to the present government”.

13. The substance of this statement was communicated to the Austrian Minister in Washington in April, 1948, and on January 25, 1949, Cabinet agreed to accept an Austrian Consul-General in Ottawa.

14. The absence of a Treaty does not, therefore, greatly affect our political relations with Austria. It should be noted, however, that Article 14 provides that unless Canada accedes to the ratified Treaty, any bilateral treaties that were in existence between Canada and Austria before 1948 would have to be renewed bilaterally, if we wish to have them continued in force. Should Canada accede to the Austrian Treaty, these treaties would continue in force, or lapse, at our option. (See Annex C for a list of Canadian-Austrian treaties).†

15. *Trade*—Canada, on September 7, 1949, extended Most-Favoured-Nation treatment to Austria. The following table indicates the value of our trade with Austria before the war and in recent years.

Year	Imports from Austria	Exports to Austria
Average		
1935-39	\$245,000	\$ 27,000
1947	89,153	3,069,648
1948	280,853	3,109,835

16. There would appear to be no difficulty in Canadian-Austrian trade relations arising out of the absence of an Austria Treaty.

17. *General Interests*—In its memorandum of January, 1947, the Government stated that it “wishes to see a satisfactory settlement concluded between Austria and all the Allies at the earliest possible date”. This outcome is, perhaps, a matter of greater importance now than it was in 1947. The continued occupation can only favour the political extremists both in Austria and in Eastern Europe where the occupation of Austria affords the U.S.S.R. a reasonable excuse for maintaining armed forces. The Soviet pressure on Yugoslavia might be lessened if the occupation of Austria brought about a withdrawal of Soviet troops from the area.

18. Undoubtedly, the draft Treaty offers something short of the liberal arrangements that the Government might have supported to ensure a stable Austria, but increasing hostility to the occupation within Austria and the disadvantages of having Soviet lines of communication in Eastern Europe, suggest that any arrange-

ments that do not prejudice the establishment of an independent and democratic Austria may have to be accepted.

19. *Procedure*—Article 59, as agreed in the draft text, provides that the treaty will become effective upon ratification by the U.S.S.R., the United Kingdom, the United States, France and Austria. There therefore need be no conference comparable to those held on the satellite treaties and consequently no formal opportunity for the Canadian Government to examine and comment upon the final text. Article 58, also agreed, provides for accession by states which were at war with Germany and which had the status of United Nations on May 8, 1945. Consequently, we shall be able to accede to the Treaty. In view of the considerations mentioned above, however, it would appear to be our over-riding interest to have an acceptable Treaty concluded even though Canada should have no adequate part in drafting it. Whether or not Canada should accede to such a Treaty is, of course, another question.

20. *Conclusion*—The complexity and long duration of the negotiations suggest that it would be generally undesirable, if not impossible, to attempt to alter any agreement already reached. Thus any representations the government may wish to make should be confined to the unagreed articles. Of these articles, No. 35, Disposal of German Assets, has been the source of the greatest disagreement. It has been thoroughly canvassed by the Deputies for more than two years and the differences of opinion are so sharply drawn and so detailed that it would be beyond our resources of information to offer any suggestions to break the deadlock. To attempt to interject any provision to further Canadian interests would almost certainly be regarded as an irresponsible act on our part.

21. Certain Canadian interests are involved in the other unagreed articles (Nos. 16, 26, 27, 43, 48 and 48 bis).⁶ If, upon enquiry, the existing proposals of the Western Powers are found to be unsatisfactory, it might be possible for the Canadian Government to make effective representations to the Governments of the United Kingdom, the United States and France. The advisability of making such representations would depend, in part, upon the magnitude of the Canadian interests involved.

22. It is suggested therefore, that other interested departments of the Canadian Government be consulted to ascertain their interest in, and opinions on the text of the unagreed articles of the Austrian Treaty. On the basis of the replies we receive we would be able to determine the nature of any representations we might offer. (Annex A indicates the interests of other Government departments in the Austrian Treaty.)†

23. It was suggested that the Canadian Government present a general statement concerning the Austrian Treaty to the Governments of the United Kingdom, the

⁶ Ces intérêts portaine sur les personnes déplacées et les réfugiés (16), la disposition du matériel de guerre émanant des Alliés et des Allemands (26), la prévention du réarmement des Allemands (27), la propriété des Nations Unies en Autriche (43), et la dette (48 et 48 bis).

These dealt with displaced persons and refugees (16), disposal of war material of Allied and German origin (26), prevention of German rearmament (27), United Nations property in Austria (43), and debts (48 and 48 bis).

United States and France, on the basis of the existing agreements and proposals. But since the general views of the Canadian Government on the Austrian settlement were stated in February, 1947, and since the Canadian Government has taken no part in negotiating the Treaty, it was not considered advisable to make any general statement of this sort at the present time. Such a statement could only be regarded as an irresponsible criticism of the Western Powers for obtaining better terms for Austria from the Russians than they have been able to obtain, after almost three years of hard bargaining.

24. A further study should be made of the whole draft treaty, when and if one is agreed, in order to ascertain:

(a) Whether it is necessary for us to accede in order to benefit under the treaty's provision and,

(b) Whether the benefits would be of sufficient importance to warrant our accession although it may be politically undesirable to do so.

It is proposed that drafts of the agreed Treaty, when they become available, be circulated to interested Government departments in order to ascertain their views upon the accession to the Austrian Treaty by Canada.

25. The articles of the draft providing for accession (Articles 59) mention no date before which instruments of accession must be deposited. It is therefore possible for the Government to refrain from acceding until and unless it becomes apparent that Canada cannot avail itself of the Treaty procedures in advancing Canada's interests. Canada, by Mr. Mackenzie King's statement of January 30, 1946, mentioned in paragraph 4 above, has already recognized the re-established state of Austria as well as its Government. Any further requirements of this nature that might be considered necessary after the Treaty came into effect might be met by a unilateral declaration.

T.W.L. M[ACDERMOT]

34.

DEA/50129-40

*Le sous-secrétaire d'État aux Affaires extérieures
aux sous-ministres de la Défense nationale, des Mines et Ressources,
du Travail, des Finances, et de l'Industrie et du Commerce;
au Directeur, Conseil national de la recherche; et au gardien de la propriété des
ennemis de l'État, ministère du Secrétariat d'État*

*Under-Secretary of State for External Affairs
to Deputy Ministers of National Defence, Mines and Resources, Labour,
Finance, and Trade and Commerce; Director, National Research Council;
and Custodian of Enemy Property, Department of the Secretary of State*

[Ottawa], December 23, 1949

I wish to bring to your attention certain aspects of the Treaty for the Re-establishment of an Independent and Democratic Austria in which your Department may be interested.

2. Although the Canadian Government has taken no part in negotiating the Austrian Treaty, its general views on an Austrian settlement were communicated to the four negotiating Powers in February, 1947 (see Annex A).† Admittedly, the procedure followed and certain of the articles already agreed upon are not in complete accord with the general Canadian views on the subject. But the fact that the negotiations have been wholly the responsibility of the four Great Powers, the sharp conflict of interests in Austria, and the overriding importance of reaching some agreement make it difficult and probably undesirable for Canada to intervene in any way.

3. At the present time the negotiating Powers have agreed upon forty-four articles of the Austrian Treaty. Seven remain unagreed. Particularly stubborn difficulties have been encountered in drafting an acceptable text for Article 35 (German Assets in Austria) which provides for the transfer to the Soviet Union of former German oil and shipping property in Austria and for the payment by Austria of an annual sum to the Soviet Union. Reports indicate, however, that progress has recently been made on the drafting of Article 35 and that negotiations on the whole Treaty are moving to a conclusion. It is expected that the remaining unagreed articles will present little difficulty once the text of Article 35 has been settled.

4. We do not propose, at this time, to offer any suggestion to the negotiating Powers with respect to the Articles that have been already agreed, nor with respect to Article 35. Agreement on most articles has been reached only after much bargaining; the various proposals for Article 35 have been thoroughly canvassed by the four Deputies. To make independent proposals concerning these articles at this time does not appear to be feasible.

5. In the unagreed articles of the Austrian Treaty, however, certain Canadian interests are involved. These articles are Nos. 16, 26, 27, 42, 48, and 48 bis. I have attached copies of the proposed texts of these articles for your consideration and comment.† You will understand, of course, that unless the Canadian interests involved in these articles are very great, and unless it is considered that substantial Canadian interests may be jeopardized by the proposed articles, it would be unwise to offer any suggestions to the negotiators on these matters. The complexity and long duration of the discussions on the Austrian Treaty generally make it undesirable for us to press our views unless the stake is considerable.

6. When final agreement between the negotiating Powers is reached on the Austrian Treaty, the Canadian Government will have an opportunity to review the Treaty as a whole and to consider what its attitude towards the settlement should be. Copies of the agreed draft will be sent to your Department for your consideration. It is anticipated that Canada will be offered an opportunity to accede to the ratified Treaty and to become, under the terms of the Treaty, an "Associated Power".

SECTION D
RÈGLEMENT DES CRÉDITS D'AIDE MILITAIRE
SETTLEMENT OF MILITARY RELIEF CREDITS

35.

DEA/2295-AH-40

Note de la direction économique
Memorandum by Economic Division

[Ottawa], June 7, 1949

RE: SETTLEMENT OF MILITARY RELIEF CREDITS

On Tuesday, May 31st, 1949, a meeting was held in the office of Mr. Plumptre to discuss the general problem of settlement of our accounts with those European countries to which we supplied goods for the succour of the civilian population in the latter part of the war and in the early post-war period.

2. The following were present:

Department of External Affairs—

Mr. [A.F.W.] Plumptre

Mr. [L.] Mayrand

Mr. [A.C.] Anderson

Mr. [P.] Tremblay

Mr. [K.C.] Brown

Mr. [W.P.] McLeod

Mr. [A.J.] Matheson

Mr. [J.B.] Seaborn

Department of Finance—

Mr. [R.B.] Bryce

Mr. C.L. Read

3. The amounts of the debts due to us by the various countries concerned are as follows:

Belgium	—	\$7,822,462.00	U.S.
Denmark	—	565,200.00	"
France	—	12,389,021.00	"
Greece	—	612,352.00	"
Italy	—	28,400,000.00	"
Norway	—	1,703,098.00	"
Yugoslavia	—	226,242.00	"

In some of these countries, it may be necessary to take at least partial settlement in local currencies. The question then arises: what is the best way of using the money? Three major uses to which it can be put are the purchase of premises, the financing of regular expenditures by our own and other government departments, and the support of a cultural and educational program. The projects are to be in that order

of priority. It is emphasized that any cultural and educational program would have to have the approval of Parliament.

4. The situation with respect to the settlement of military relief credits is briefly as follows:

a) *Greece* Greece will not be able to make more than nominal settlement and we are prepared to accept premises in full payment. Before his departure, we should brief the new Ambassador, whoever he may be, to find suitable premises.

b) *Yugoslavia* We have agreed to accept dinars in full settlement of the account. They will be used for the operations of the Mission which, within about two years, will use the total amount available. Our Minister is attempting to negotiate an agreement.

c) *Albania* External Affairs is to find out where we stand re Albania. Is a bill to be presented to that country for military relief? Will we get any share of it?

d) *Italy* Italy will only be able to make a nominal settlement, considering the magnitude of the account. Nominal settlement should include both premises and some money for an educational and cultural program. We should start to negotiate when we have the Désy-Monette report on premises, which will probably be in the summer.

e) *Netherlands* A residence has been bought but suitable premises for the Chancery have not yet been found. We have approximately 6.2 million guilders for local use by the Canadian Government and by Canadians for cultural and educational purposes. There should be a substantial amount for culture and education.

f) *Belgium* We are getting 300,000 francs per month from the Belgians which is being used for the expenses of the Mission. As Belgium's exchange position is relatively good, we should, at least at the beginning of negotiations, try to accept a minimum in local currency (for government expenses only) and ask for the rest in dollars. We should agree to the British reductions. We should move forward soon with the Belgian negotiations, attempting to present the bill through diplomatic channels, i.e., via Brussels in the first instance.

g) *France* The French financial position is such that we cannot expect to get a large portion of our \$13,000,000 account paid in dollars. We will have to accept a larger amount in local currency and should, therefore, be able to allot between 1 and 2 million dollars for culture and education as soon as we know the cultural and educational program.

h) *Luxembourg* We should tell the Belgians that we are about to present a bill to Luxembourg as well. We should be able to get most of the Luxembourg settlement in dollars.

i) *Denmark* The Danes have offered to pay us a further 1,000,000 kroner for the settlement of their account. We should delay acceptance until we have agreed upon the total amount of our claim and until we have a clearer picture of the amount to be spent on premises and on expenditures by other government departments. The premises question should be taken up again soon.

j) *Norway* We will probably have to accept a substantial amount of the Norwegian settlement in local currency. We should, therefore, explore the possibilities of the purchase of premises and of a cultural and education program.

5. Premises. It was agreed that the acquisition of premises should have high priority in ways of using currencies. Our representatives abroad should make new efforts to find suitable premises. Consideration should be given to finding an assistant for Mr. Monette, the departmental architect.

6. A statement of the estimated annual expenditures by government departments is attached.† The Administrative Division will check to see if there are any additional expenditures for, for example, the Department of Labour and the Secretary of State's Department, and if so, will submit a new estimate.

7. The discussion on a memorandum prepared by the Information Division of External Affairs on "The Use of Funds Blocked in Western European Countries for Cultural and Educational Purposes" emphasized the following points:

a) Insofar as the settlement of military relief accounts is concerned, it is our obligation to Parliament (i) to obtain dollar settlements if we possibly can, and (ii) to give the purchase of premises and expenditures by other government departments priority over cultural and educational programs. Therefore, we can only hope definitely for a cultural and educational program in France, Italy and the Netherlands, and possibly in Denmark and Norway.

b) Consideration should be given to giving assistance to

- (i) musicians, for study and performances;
- (ii) sports and physical culture.

c) Mr. Bryce doubted that it would be possible to capitalize that portion of the local currency which we intend to allot to cultural and educational purposes and use the interest from it for annual expenses on this program. Hence, it seems that we will have to use up the amount allocated to culture and education over a period yet to be decided, possibly 10 to 20 years. This might serve as the nucleus for a continuing program.

d) Any program which we are able to evolve for the use of funds in this way should be brought to the attention of the Royal Commission headed by Mr. [Vincent] Massey.⁷

⁷ Commission royale d'enquête sur l'avancement des arts, lettres et sciences au Canada.
Royal Commission on National Development in the Arts, Letters and Sciences.

36.

DEA/2295-AH-40

Note de la direction économique
Memorandum by Economic Division

[Ottawa], November 8, 1949

MILITARY RELIEF—CULTURAL PROGRAMME

Today I telephoned Mr. C.L. Read (Finance) to discuss future progress on this matter. I also tried to push matters ahead and found him rather reluctant.

2. It emerged that there was a difference of view within his Department. He said that "a senior official" was very unwilling to move ahead on the basis that had generally been agreed between Departments concerned. This official felt that if any financial provision was going to be made for scholarships abroad, and other "cultural finance", it should be with the countries that have the best educational facilities to offer Canadians. It should not be simply with a mixed bag of countries with which we happened to be in a creditor position on military relief account.⁸

3. Mr. Read said that he was going to discuss the question with Mr. Bryce, who is now reappearing in his office on a part time basis. However, it is unlikely that we can expect any action very quickly.

4. I told Mr. Read that I had hoped we could get Parliamentary approval for the cultural programme at the current session of Parliament. He said he did not think that there was any hope of this. Not only was there the divergence of view within his own Department, but in addition there was the question of getting some sort of clearance for the programme from the Royal Commission on Culture.

5. I asked Mr. Read what was the best way of getting approval from Parliament for the proposed expenditures out of military relief funds. I suggested that it might be accomplished by the inclusion of an item for \$1.00 in the departmental estimates. This is the way that capital outlays from military relief funds are being covered.

6. Mr. Read said that he had not discussed the form in which the cultural programme should be put to Parliament. He thought it would be desirable to decide on the programme first and consider ways and means afterwards.

7. Do you agree (a) that it is hopeless to try to get any programme approved at the present session of Parliament, and (b) that we should let the matter stand over for a few weeks until Bryce is fully back in harness?⁹

A.F.W. P[LUMPTRE]

⁸ Note marginale/Marginal note:

This is a reasonable proposition. [H.O. Moran]

⁹ Note marginale/Marginal note:

Yes to (a) & (b) & then I will try to get a meeting with [R.B.] Bryce & [W.C.] Clark HO M[oran]

37.

DEA/2295-AH-7-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], December 5, 1949

MILITARY RELIEF—SETTLEMENT OF CANADIAN CLAIMS AGAINST YUGOSLAVIA

I attach for your approval a draft Memorandum to Cabinet on this subject.

I expect to be sending you within the next fortnight similar memoranda for Cabinet relating to settlement of military relief claims against Italy and Greece.¹⁰

Yugoslavia, Italy and Greece fall into the same general category for military relief purposes; they are all "Mediterranean countries" within the terms of the P.C. 3065 of July 31, 1947. A copy of this basic Order-in-Council is attached to the Memorandum for Cabinet.†

There is a fourth Mediterranean country where we have a military relief claim—Albania. We have agreed with officials of the Department of Finance that this claim should not be put forward for the time being, partly because of political difficulties with Albania, and partly because of the very small likelihood of getting any money from them. A similar attitude is being taken by the United States and the United Kingdom.

A.D.P. H[EENEY]

38.

DEA/2295-AH-7-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*
*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], December 5, 1949

MILITARY RELIEF—SETTLEMENT OF CANADIAN CLAIMS AGAINST YUGOSLAVIA

Canadian policy regarding claims against European countries for military relief was set forth in P.C. 3065 of July 31, 1947. A copy of that document is attached.† In paragraph 5) (a) (iii) the Canadian claim against Yugoslavia is set at \$226,242 (U.S. dollars).

2. On May 30, 1947, the Government of Yugoslavia was advised of the total military relief bill from the total military relief bill from the United States, United Kingdom and Canada, and of the shares of the three countries, including the Cana-

¹⁰ Voir le document 39. Un mémorandum concernant les réclamations contre la Grèce fut préparé et pris en considération par le Cabinet en janvier 1950.

See Document 39. A memorandum regarding claims against Greece was prepared and considered by the Cabinet in January 1950.

dian share mentioned above. The bill was presented in terms of U.S. dollars, but the actual forms of settlement were to be agreed by each of the three countries with Yugoslavia.

3. The Government of Yugoslavia is willing to negotiate a settlement with Canada. It requests, however, that in determining the amount to be repaid, the very heavy losses in human lives and materials sustained by Yugoslavia during the last war against the common enemy be taken into consideration, as well as the fact that similar supplies were received later by Yugoslavia from UNRRA free of charge. It is prepared to settle the claim so determined by opening an internal dinar account in favour of the Government of Canada, to be utilized for the needs of Canada's diplomatic and consular representatives in Yugoslavia. This follows the pattern of a settlement made between Yugoslavia and the United States referred to below.

4. The United Kingdom and the United States have already made settlements on terms favourable to Yugoslavia. In both cases the settlement involved other claims in addition to military relief.

5. On July 31st, 1947, the United Kingdom agreed to settle all debts of Yugoslavia to the United Kingdom, known or unknown, incurred up to that date and arising in connection with the late war, by accepting the sum of £1 million, against known claims totalling approximately £2.7 million. In September, 1947, when the United Kingdom presented to Yugoslavia its bill in respect of military relief, amounting to approximately \$3.6 million, the Government of Yugoslavia was advised that in accordance with the agreement of July 31st, 1947 the United Kingdom agrees not to demand any specific reimbursement for United Kingdom.

6. On July 19th, 1948, an agreement between the United States and Yugoslavia provided that in consideration of the supplies and services received as Lend-Lease (approximately \$32 million), in consideration of the obligation to the United States for civilian supplies received as military relief (approximately \$6.5 million), and in consideration of the other provisions of the agreement, the Government of Yugoslavia would pay the Government of the United States the sum of 45 million dinars (equivalent to approximately \$900,000 U.S.). The dinars are to be used by the United States in Yugoslavia in the acquisition of consular property or for other expenses of the United States diplomatic or consular missions, excepting the purchase of commodities for export. This agreement was somewhat overshadowed by another agreement signed on the same day, in which Yugoslavia agreed to pay \$17 million to the United States in settlement for American property nationalized in Yugoslavia and other pecuniary claims between the two countries, and the United States agreed to unfreeze Yugoslav assets in the United States, including \$47 million worth of gold.

7. Canada has so far settled its military relief claim against only one country: The Netherlands. This is a North West European country and the considerations apply-

ing to it are somewhat different from those applying to Yugoslavia.¹¹ However, the Canadian claims covering both military relief and surplus guilders were written down substantially.

8. In view of all these considerations I recommend:

(a) that negotiations be conducted with the Government of Yugoslavia for the settlement of Canada's claim in respect of military relief;

(b) that, in the first instance, our claim should be written down from \$226,242 (U.S.) to \$150,000 (U.S.);

(c) that the claim be further reduced to a figure of not less than 50% of \$226,242 (U.S.) if this proves to be desirable during the course of negotiations; and

(d) that payment be accepted in Yugoslavian dinars at the rate of exchange between United States dollars and dinars current at the times of payment.¹²

L.B. PEARSON

39.

DEA/2295-AH-6-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], December 28, 1949

MILITARY RELIEF—SETTLEMENT OF CANADIAN CLAIMS AGAINST ITALY

Canadian policy regarding claims against European countries for military relief was set forth in P.C. 3065 of July 31, 1947. A copy of that document is attached.† In paragraph 5 (a) (iii), the Canadian claim against Italy is set at 5.4 per cent of the total bill rendered to Italy for military relief supplies, i.e. \$28,400,000.00 (U.S. dollars).

2. On May 15, 1947, the Government of Italy was advised of the shares of the United States, United Kingdom and Canada in the total military relief bill, including the Canadian share mentioned above. The bill was reckoned in U.S. dollars, but the actual forms of settlement were to be agreed by each of the three countries with Italy.

3. On April 15, 1947, the Italian Representative in Ottawa was informed that in view of the difficult financial position of the Italian Government, the Canadian

¹¹ Le ministère des Affaires extérieures, dans sa correspondance avec R.B. Bryce du ministère des Finances, suggérait qu'un «politically amicable gesture» devrait être offert à la Yougoslavie, tenant compte de la tension qui existait entre ce pays et le bloc soviétique (DEA/2295-AH-7-40).

In correspondence with R.B. Bryce of the Department of Finance, the Department of External Affairs argued that "a politically amicable gesture" should be made to Yugoslavia in light of the tension between that country and the Soviet bloc (DEA/2295-AH-7-40).

¹² Le Cabinet approuva ces recommandations le 21 décembre 1949.
Cabinet approved these recommendations on December 21, 1949.

Government proposed to request no more than a "nominal settlement". This policy was confirmed in P.C. 3065 (attached).†

4. The United Kingdom and the United States both waived their military relief claim against Italy. The United Kingdom action was made conditional on ratification of the Italian Peace Treaty by the Italian Government and was taken as a political goodwill gesture. The United States waived its claim of \$390,500,000 as part of a comprehensive Agreement with Italy on August 24, 1947, shortly before the Italian post-war elections. The Agreement also provided for the unfreezing of Italian properties and assets, the turning over to Italy of twenty-eight merchant ships and the payment by Italy of \$5,000,000 to settle claims of United States nationals. The purposes of the Agreement were said to be to ease the "burdensome clauses" of the Peace Treaty and to contribute to Italy's peacetime economy.

5. In view of the fact that the United Kingdom and the United States have waived their claims the Italians have expressed the hope that Canada will accept one dollar as "nominal settlement". When the United Kingdom and the United States were waiving their claims they invited Canada to do the same. It was felt, however, that such a gesture by Canada would not carry much political weight in Italy and that Canada's financial contribution to post-war European recovery could better be made in other ways. In addition the effect on Canada's post-war claims against other countries, some of them allies throughout the war, had to be considered.

6. I do not think that we should insist on payment from Italy in dollars; however, the Canadian Government expects to have a number of uses for lira. These include the purchase, repair and furnishing of a Canadian Chancery and a residence for the Canadian Ambassador in Rome, the current operating expenses of Canadian Government departments, and the operation of a cultural and educational programme in Italy similar to the one envisaged in our settlement of military relief and other accounts with the Netherlands. Funds needed for these purposes will probably amount to about 10 per cent of our claim against Italy and I feel that, under the circumstances in this case, we can consider this to constitute a "nominal settlement".

7. In view of these considerations, I recommend:

(a) that negotiations be conducted with the Government of Italy for settlement of Canada's claims in respect of military relief;

(b) that, in the first instance, our claim should be written down from \$28,400,000 (U.S.) to \$3,000,000 (U.S.);

(c) that the claim be further reduced to a figure of no less than \$2,000,000 (U.S.) if this proves to be desirable in the course of negotiations;

(d) that payment be accepted in Italian lira at the rate of exchange current between United States dollars and lira current at the times of payment; and

(e) that provision be made for expenditure of the lira received in payment for the purchase, repair and furnishing of a Canadian Chancery and a residence for the Canadian Ambassador in Rome, the current operating expenses of Canadian Gov-

ernment departments, and the operation of a cultural and educational programme in Italy.¹³

L.B. PEARSON

SECTION E

RÈGLEMENT DES RÉCLAMATIONS DE GUERRE
SETTLEMENT OF WAR CLAIMS

40.

DEA/10416-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

CONFIDENTIAL

[Ottawa], May 2, 1949

SETTLEMENT OF WAR CLAIMS AND RELEASE OF ASSETS: HUNGARY,
ITALY AND ROUMANIA

1. Canada has signed Peace Treaties with Hungary, Italy and Roumania. Under these Treaties,

(a) Canadian nationals are entitled to compensation, in local currency, for war damage done to their property up to the extent of two-thirds of the replacement value of the property;

(b) the Custodian has the right to seize, retain or liquidate assets of their nationals within the limits of our claims against these countries.

2. The War Claims Branch of the Secretary of State's Department has prepared a detailed report on the claims of Canadians against Hungary, Italy and Roumania. All the claims are now recorded and the total of the claims is as follows:

Hungary	—	\$9,462,962.04
Italy	—	2,161,906.55
Roumania	—	1,047,839.95

These are the maximum figures of claims against these countries. They include certain claims for compensation for nationalization which it may not be possible to entertain under the terms of the Peace Treaty.

3. The totals of the assets of the nationals of these countries currently held by the Custodian are as follows:

Hungary	—	\$ 596,361.54
Italy	—	4,851,040.81
Roumania	—	291,658.64

¹³ Le Cabinet approuva ces recommandations le 5 janvier 1950.
Cabinet approved these recommendations on January 5, 1950.

4. As yet, no attempt has been made to "screen" our claims; no attempt can be made until we have entered into negotiations with the three countries concerned. The Secretary of State will be recommending the establishment of a Royal Commission to screen the claims and to satisfy the individual claimants. The question now arises: on what basis should we start to negotiate?

5. In my opinion, the settlement of Canadian claims should be considered as a charge against the ex-enemy country as a whole, and not as a charge against individual citizens of that country who happen to have assets in the hands of the Canadian Custodian. For this reason, I advise a "lump-sum settlement" for each country. Under such a settlement, Canada would first receive a lump-sum payment for the compensation of its claims against the ex-enemy country; the Custodian would then return to the registered owners all the assets of that country in Canada.

6. The alternative would be for the Custodian to start liquidating the miscellaneous assets in his possession; out of the moneys he received the Government could then meet some of the claims of Canadians against these three countries. We may be forced into this rather clumsy and unfair procedure, if we cannot arrange a lump-sum settlement; but it seems desirable to try for the lump-sum settlement first.

7. In the case of Italy, assets held by the Custodian exceed our claims. Therefore, we can probably arrange a settlement which will provide full satisfaction for claimants. If the Italian Government will provisionally put at our disposal a sum sufficient to satisfy all the claims we have recorded, we can then proceed to screen these claims. Afterwards we can return to the Italian Government any surplus that may be left.

8. In the case of Hungary and Roumania, our claims exceed greatly the assets held by the Custodian. A lump-sum settlement would probably be sufficient to satisfy only the most deserving claims. These countries will probably be less willing than Italy to enter into negotiations. We may be forced into the procedure mentioned in paragraph 6 above.

9. The Government of Newfoundland has claims against Italy totalling \$277,760.63. The Newfoundland Custodian holds Italian assets worth \$26,092.53. I recommend that we espouse Newfoundland claims when we are negotiating with Italy for the other Canadian claims.

10. I recommend, with the concurrence of the Secretary of State for Canada and the Minister of Finance, that the Department of External Affairs be authorized to enter into negotiations with these three countries individually to effect the best possible lump-sum settlements for the satisfaction of war claims and for the release of enemy assets.¹⁴

L.B. PEARSON

¹⁴ Le Cabinet approuva cette recommandation le 3 mai 1949.
Cabinet approved this recommendation on May 3, 1949.

SECTION F

OCTROI À L'AUTRICHE DE LA CLAUSE DE LA NATION LA PLUS FAVORISÉE
MOST-FAVOURED-NATION TREATMENT FOR AUSTRIA

41.

DEA/9561-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet**Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

Ottawa, August 22, 1949

MOST-FAVOURED-NATION TREATMENT FOR AUSTRIA

1. Austria has asked Canada to exchange reciprocal most-favoured-nation tariff treatment with Austria.
2. The Austrians participated in the Havana Conference which drew up the proposed Charter for an International Trade Organization. They have signed, and plan to ratify, the Final Act of that Conference. However, because of their unsettled national status, they have not participated in the General Agreement on Tariffs and Trade.
3. At present Austria has a single-schedule tariff. The exchange of most-favoured-nation treatment would not give Canada any immediate tariff advantage in Austria. If, however, a second schedule were added to the Austrian tariff at a later date, Canada would be guaranteed the lower rates. Austria is expected to introduce a revised tariff early in 1950, but it is not known whether it will contain more than one schedule.
4. There appear to be no political objections to the Austrian proposal. On the other hand, there are two political reasons for agreeing to it:
 - a) We have taken the view that Canada was never at war with Austria. We have, however, granted most-favoured-nation treatment to Western Germany, with which, technically, we are still at war.
 - b) The Austrian Government and people are putting up, at considerable risk to themselves, strong resistance to Soviet and Communist efforts to dominate Austria. Any gesture that can be made as an expression of sympathy for the Austrian Government is desirable.
5. The United States accords most-favoured-nation treatment to Austria by virtue of a 1928 Treaty of Friendship, Commerce and Consular Rights.
6. The Inter-departmental Committee on External Trade Policy has recommended that most-favoured-nation treatment be exchanged with Austria. I concur in that recommendation.¹⁵

L.B. PEARSON

¹⁵ Le Cabinet approuva cette recommandation le 29 août 1949.
Cabinet approved this recommendation on August 24, 1949.

SECTION G

OCTROI À L'ALLEMAGNE OCCIDENTALE DE LA CLAUSE DE LA NATION
LA PLUS FAVORISÉE
MOST-FAVOURED-NATION TREATMENT FOR WESTERN GERMANY

42.

DEA/10399-40

Note de la direction économique
Memorandum by Economic Division

[Ottawa], June 17, 1949

CANADIAN TRADE ARRANGEMENTS WITH WESTERN GERMANY¹⁶

In September 1948 Canada completed a most-favoured-nation agreement with the areas of Western Germany under military occupation. It is to be emphasized that for Canada to extend most-favoured-nation treatment is to grant a valuable concession. Most-favoured-nation tariffs open up definite opportunities of entering the Canadian market, which is one of the largest import markets in the world for all types of goods. Canada has received from Western Germany in return the nominal advantage of most-favoured-nation tariff treatment, but our trading opportunities in that country have been seriously impaired by the discriminatory trade practices which arise from the bilateral trade agreements between Western Germany and other countries.

When the Import Advisory Committee of the Joint Export-Import Agency publishes authorizations to import goods from abroad, it stipulates the countries from which the goods may be obtained. Not being a party to a bilateral trade agreement with Western Germany, Canada is in practice hardly ever mentioned in the lists of countries from which purchases may be made. When Canadian exporters attempt to do business in Germany, they are often told that, lacking a bilateral agreement, they must not expect to do business unless the Canadian price is substantially less than other prices. Even where the Canadian price is, apparently, below the world price, Canadians still find it almost impossible to sell Canadian goods in Western Germany.

JEIA officials have more than once proposed that Canada enter into some form of bilateral trade arrangement with Western Germany. They have told Canadian officials that their policy is to encourage importers to acquire their goods from countries with which bilateral agreements exist rather than from other countries, even though the latter might offer better prices or terms on specific commodities. JEIA officials have intimated that "non-agreement" countries, such as Canada,

¹⁶ Ce mémorandum fut rédigé, à la suggestion de l'ambassadeur aux États-Unis, en vue de présenter le point de vue canadien au Secrétariat d'État américain. Il fut dépêché à Washington le 17 juin 1949. This memorandum was prepared, at the suggestion of the Ambassador in the United States, for presentation of Canadian views to the Department of State. It was forwarded to Washington on June 17, 1949.

would have to quote prices at least 5% below those quoted by "agreement" countries in order to compete.

On the specific question of selling Canadian flax seed to Western Germany, JEIA officials told our officials that JEIA would consider an offer even in the absence of a bilateral agreement if the price was significantly lower than that offered by any country with which they had such an agreement. Subsequently it proved impossible for Canadian flax to be sold in Western Germany.

It may be that good reasons can be adduced to explain why the whole structure of bilateral trade arrangements has been set up, but what concerns us is that the administrative procedures involved constitute the very essence of discrimination against us. This is in sharp contrast with the favourable consideration which is rendered German imports into Canada. It will be recalled that the United States government strongly pressed the Canadian government to enter into its present most-favoured-nation Treaty with Western Germany.

The United States along with Canada has supported principles and proposals designed to re-establish world trade on a multilateral basis. The policies followed by the Joint Export-Import Agency at present appear to contradict these principles of commercial policy in their unqualified adherence to doctrines of the strictest bilateralism.

43.

DEA/10399-40

*Décret**Order in Council*

P.C. 3581

[Ottawa], July 20, 1949

The Committee of the Privy Council have had before them a report dated 7th July, 1949, from the Secretary of State for External Affairs, representing:

1. That on September 14, 1948, Canada signed the Agreement on Most Favoured Nation Treatment for Areas of Western Germany under Military Occupation, which came into force on October 14, 1948;

2. That it has been suggested that the provisions of the said Agreement should be construed as applicable to the sectors of Berlin (Germany) under the occupational control of the French Republic, the United Kingdom of Great Britain and Northern Ireland and the United States of America and that this interpretation should be recorded in a memorandum of understanding, along the lines of the annexed draft,† to be signed by the countries parties to the said Agreement;

3. That the Interdepartmental Sub-Committee on External Trade Policy has recommended that the interpretation of the said Agreement indicated above be concurred in by Canada;

4. That it is expedient to provide for the signature of the said memorandum of understanding on behalf of Canada.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that Leolyn Dana Wilgress, Canadian High Commissioner to the United Kingdom of Great Britain and Northern Ireland, be authorized to sign

on behalf of Canada a memorandum of understanding relative to the application to the Western Sectors of Berlin (Germany) of the Agreement on Most Favoured Nation Treatment for Areas of Western Germany under Military Occupation (Geneva, September 14, 1948) along the lines of the annexed draft.

2^e PARTIE/PART 2

JAPON
JAPAN

SECTION A

TRAITÉ DE PAIX AVEC LE JAPON
PEACE TREATY WITH JAPAN

44.

DEA/50051-40

*Note*¹⁷*Memorandum*

SECRET

[Ottawa], December 30, 1949

SETTLEMENT WITH JAPAN

Present Position

1. Two and a half years have elapsed since the United States proposed on July 11, 1947 the convening of a conference of the eleven states members of the Far Eastern Commission to draft a peace treaty for Japan, with decisions to be adopted by a two-thirds majority vote. Only China and the U.S.S.R. did not accept the proposal. The Chinese wanted to retain the FEC Big-Four veto procedure at the conference; the Russians wanted to have the Council of Foreign Ministers draft the treaty. There has been deadlock since then. Meanwhile, the United States, desiring to lighten the \$500 million annual financial burden and to restore Japan to a state of peaceful intercourse with the rest of the world, has taken unilateral and piecemeal action to achieve these ends. Friendly countries have not been consulted and it is not to be wondered that a good deal of dissatisfaction has developed. Accordingly, during his visit to Washington in September, Mr. Bevin urged Mr. Acheson to have another good look at the possibility of concluding a Japanese peace treaty. Mr. Acheson agreed to push ahead with a re-examination of this whole question.

2. The State and Defence Departments in Washington have been discussing during the past three months the basic provisions they wish to see incorporated in a

¹⁷ Ce mémorandum fut préparé en vue de la conférence des ministres des Affaires extérieures du Commonwealth, tenu à Colombo, au Ceylan, du 9 au 14 janvier 1950. Il fut diffusé aux chefs de missions outre-frontières le 6 janvier 1950.

This memorandum was prepared for use at the Conference of Commonwealth Foreign Ministers at Colombo, Ceylon, January 9-14, 1950. It was circulated to Heads of Canadian Missions Abroad on January 6, 1950.

settlement with Japan. It is understood that the United States views on the substance of the settlement are to be in the form of proposals for discussion with interested friendly powers rather than hard and fast requirements, even though the views are to be approved by the National Security Council and the President.

3. It had been hoped that the United States views would have been available for discussion at the Colombo Conference. The latest information from Washington (December 22) indicates that differences of view between the State Department and the Defence Department over security requirements have not yet been sufficiently reconciled to enable the State Department to let us know before departure for Colombo the position reached in their thinking.

4. In these circumstances, it seems likely that the Conference will use the views expressed at the Canberra Conference in September 1947 as a point of departure for discussion of a settlement with Japan. It will, of course, be necessary to bring up to date those views in the light of international developments and developments in Japan during the past two years. It is understood that the Foreign Office has in preparation a brief for the United Kingdom delegation, and for possible circulation to the Conference should the occasion arise, which will deal with the Japanese peace treaty under the following headings:

(a) An estimate of the position of Japan in the light of the overall strategic situation,

(b) An attempt to reconstruct present United States views on a Japanese treaty so far as these are known, and

(c) A draft outline of the principles for a peace treaty on which a measure of agreement might be reached.

It will be as important for the Colombo conferees to avoid establishing fixed positions which it might be difficult to maintain later as it is for the United States to avoid setting out hard and fast requirements which leave no room for discussion.

Security Requirements

5. With the development of post war tension between the Soviet Union and the Western powers it has become a primary United States objective to deny the industrial potential and large body of trained manpower of Japan to the Soviet Union. It has been the prevailing United States view heretofore that Japan could be most easily defended against Soviet domination by maintaining the United States occupation. Soviet forces are stationed in the Kurile Islands and South Sakhalin only a few miles away from Japan. They also have a powerful base at Vladivostok and their military influence extends into North Korea and China. There is an argument that if a peace treaty were signed now and Japan cast adrift, the Soviet Union and Communist China could be expected to exercise a good deal of military pressure against a demilitarized Japan. It is felt that the present arrangement with United States troops serving as garrison forces from the Okinawas to Hokkaido has a stabilizing effect within Japan and also is a guarantee against any possible high-handed measures from Russian or Chinese Communist quarters. It is understood that some influential officers in the United States Department of Defence continue to believe that a continuation of the occupation during the present period of international ten-

sion will serve United States strategic interests best. They argue that if a peace treaty and defence agreement were concluded with Japan, the United States would still have to pay for maintaining security forces in or near the Japanese Islands and would have less control and less flexibility than they have under present arrangements.

6. In August 1949, Mr. Kennan asked Mr. Denning of the Foreign Office informally how Commonwealth Governments would be likely to regard bilateral United States-Japanese security arrangements as part of a "non-punitive peace treaty providing for non-excessive post treaty controls". It would appear that the intention of this United States formula is three-fold:

(a) To restore Japan to a state of peaceful economic and political relations with the world,

(b) But to continue to deny to the Soviet Union the industrial potential and trained manpower of Japan by the conclusion of a bilateral United States-Japanese defence agreement, and

(c) To prevent the Soviet Union from being able to meddle in Japanese affairs after the treaty by restricting the regime of post treaty allied control to a minimum.

7. The Canadian Government has favoured, for more than two years now, the conclusion of an early peace treaty with Japan. It would, therefore, have no objection to Japan being returned to a state of peaceful economic and political relations with other nations provided that:

(a) The threat of revival of Japanese militarism and aggression was taken care of, and

(b) Japan met the usual clauses of a peace treaty such as are contained in the European peace treaties.

8. As will be discussed below, Canada can have no real expectation of receiving any reparations from Japan but it would be logical to keep Japanese assets in Canada to offset in part against Canadian claims for war loss or damage arising out of the Japanese war.

9. There does not appear to be any reason for the Canadian Government to object to the conclusion of a bilateral defence agreement between the United States and Japan provided that the agreement does not call for or encourage the revival of Japanese militarism or build up to a threatening point the aggressive potential of Japan. It is obviously in the Canadian interest to see Japan's industrial resources and trained manpower continued to be denied to the Soviet Union. The United States is assuming that responsibility now and the formula by which it continues to do so in the future is not of substantive importance to us. It is assumed that any such defence agreement would not call for the deployment of larger United States forces in the Japan area than are now there. If the commitment was to be increased, it might be of some concern to Canada to question (although the political appropriateness of so doing is very doubtful) whether the commitment of an additional portion of the limited United States defence forces in the defence of Japan would be wise in the light of the greater critical importance of Europe and the Middle East in any future war with the Soviet Union.

10. The considerations discussed above are based on a view of Japan as a bulwark against the expansion of Communism in the Far East rather than as a menace to security in the Far East. This is, of course, a dramatic change of view from that prevailing at the end of 1945. It is argued by the Australians and others with some cogency that in United States' preoccupation with the Soviet menace they have lost sight of the long range possibility that Japan may once more re-emerge as an aggressor nation. This concern is dismissed by United States military analysts as unrealistic. General MacArthur has given it as his opinion that even with considerable assistance from the United States, Japan's war potential could not be built up to any threatening strength in less than 25 years. Everyone will agree that in the physical sense Japan has been pretty effectively demilitarized. Even the Japanese Constitution renounces war. Whatever the estimates may be of Japan's future physical capabilities for making wars attention should be given to those who hold tenaciously to the view that it is an important part of the peace settlement with Japan that everything possible should be done to preclude the re-emergence of Japanese militarism which cannot be submerged very far below the surface of thought in even a defeated Japan.

Economic Provisions

11. When the Far Eastern Commission initiated its study of the economic controls to be placed on Japan during the occupation period it was seen that the questions of Japanese industrial war potential and reparations were closely linked; hence the attempt was made to fix for the year 1950 a peaceful level of economic life for Japan based on the 1930-34 mean with suitable increases for population growth, technical advances, adjustments in foreign trade, etc. What was surplus to this peaceful level in the war supporting industries was to be made available as reparations.

12. The Far Eastern Commission has never been able to reach a decision on the levels to be permitted in the various categories of Japanese industry. The closest approach to an agreement is contained in a policy paper, FEC-242/32 which is based on original United States proposals (Pauley Reparations Mission). At present, all members except the United States, the Soviet Union and China are under official instructions to support this paper.

13. In addition, there has been failure to reach agreement on the percentage of reparation shares to be allocated each of the claimants. China and the Soviet Union have posed the greatest difficulties here. Canada put in a nominal claim for 1½% of Japan's industrial facilities to be made available for reparations claims in order to make it clear to Canadians who suffered war loss or damage in the Pacific area that the Government is keeping their interests in mind. At the same time there has been practically no interest on the part of Canadian industries in obtaining Japanese industrial equipment. It would not be difficult, therefore, for the Canadian Government at a later stage to indicate that Canada is prepared to forego its share of industrial reparations while retaining control over Japanese financial assets in Canada at the outbreak of war.

14. Following the visit of various United States committees to Japan, the United States representative announced in the Far Eastern Commission on May 12, 1949

that his Government had decided to suspend reparations removals from Japan and to rescind United States interim directive of April 4, 1947 which had provided for an advance transfer program of reparations removals. In an Aide-Memoire handed us by the United States Embassy at that time the position of the United States Government with regard to reparations and level of industry in Japan was set out. It pointed out that the United States Government was compelled to drastically reduce its earlier estimates of the reparations which Japan could afford to pay. The loss of Japanese property had reduced Japan's ability to support even on a minimum level the needs of its people. With a constantly increasing population, Japan, it was stated, would require all of its present resources "and more", to maintain itself. The Aide Memoire emphasized that the deficit in Japanese economy had been borne by the United States Government which was now determined that the burden should be reduced. It was also stated that once it had been made certain that Japan could not recover its capacity to make war, no limitation should be imposed on its peaceful productive capacity.

15. A review of the position adopted by Australia, New Zealand and the United Kingdom with regard to the United States action may serve to indicate the trend which discussions may take in the Colombo Conference with regard to the reparations and level of industry problem.

16. Upon receiving a United States Note similar to the Aide Memoire which we received, the Australian Government replied that to date inadequate evidence had been presented in support of the contention that no surplus capacity was available for reparations. However, in a statement which was made in the Australian House of Representatives, the Australian Minister for Defence said that a strong case could be made out in support of the argument that Australia should not take war reparations from Japan, that Australia should give Japan an opportunity to build up an economy which would give its constantly increasing population a chance of a decent standard of living and that when the matter came before the Far Eastern Commission, the opinion of the dominant member of the Commission (the United States), would have to be weighed very carefully.

17. The New Zealand delegate to the Far Eastern Commission stated in connection with the reparations question that the Government of New Zealand "...in assessing the respective claims of Allied security and Japanese viability—which in its view is the fundamental issue involved—the New Zealand Government finds itself confronted by a number of conflicting estimates of existing productive capacity in certain of the "war supporting industries: in Japan and it is embarrassed by the absence of any precise and official estimate of the magnitudes upon which the statement of the United States Government is based; therefore he had been requested to obtain the "latest official figures' on the subject".

18. In a statement which Mr. Bevin made in the British House of Commons on October 19, 1949, he said that "...it would be misleading to hold out any hope that Japan will ever be able to pay any further substantial reparations and at the same time pay her own way in the world".

19. The most recent statement with regard to Canada's position on the problem is contained in a personal message which the Prime Minister, Mr. St. Laurent, sent to

Mr. Attlee through Sir Alexander Clutterbuck on July 22, 1949. In this letter, the hope was expressed that the United States might be persuaded to agree to accept a reduced but still viable level of industry for Japan, which would not be regarded as menacing to Japan's Pacific neighbours.

Post Treaty Controls

20. As regards the regime of post treaty control in Japan, the Canadian Government has always been anxious to see this kept to a minimum, consistent with the maintenance of security precautions and observation that Japan is fulfilling her treaty obligations. It is in the Canadian interest to see that the Soviet Union is not permitted to take advantage of any regime of post treaty control to meddle in Japanese internal affairs. Since Canada did not assume any direct responsibilities in the immediate post surrender occupation of Japan it seems unlikely that there would be a disposition in this country to assume any extensive responsibilities in regard to a regime of post treaty control in Japan. If Canada is not prepared to accept such responsibilities it would be difficult to expect other countries to continue indefinitely to do so on our behalf if they were not disposed to do so. In these circumstances, it should not be too difficult to work out post treaty control arrangements which would be satisfactory to Canada and the United States.

Procedure for the Settlement with Japan

21. On July 11, 1947, the United States Government proposed that a conference of representatives of the eleven states members of the Far Eastern Commission should be convened to discuss and draft a peace treaty for Japan with decisions to be adopted by a simple $\frac{2}{3}$ majority. Nine of the eleven members of the Far Eastern Commission (Australia, Canada, France, India, the Netherlands, New Zealand, the Philippines, the United Kingdom and the United States) favoured this proposal. China took the view that the voting procedure employed in the Far Eastern Commission would be more appropriate. In that body, decisions are taken by a majority vote including the concurring votes of China, the United Kingdom, the United States and the U.S.S.R. The Soviet Union rejected both these procedures and insisted that the Council of Foreign Ministers comprising the representatives of China, the United States, the U.S.S.R. and the United Kingdom should draft the peace treaty. In a note addressed to the United Kingdom Foreign Secretary on July 3, 1948, Mr. Molotov further clarified the Soviet attitude. He said that in the Soviet view adequate provision for the expression of the views of other interested powers in the drafting of the Japanese peace treaty might be made through a procedure similar to that suggested for the German peace treaty. This envisaged a series of committees and subcommittees and a conference for information and consultation.

22. At a meeting of the Council of Foreign Ministers on June 20, 1949, Mr. Vyshinsky proposed that the Council should agree upon a date for a meeting to deal with the peace treaty for Japan. Mr. Acheson said that other countries were interested in this matter and the Council of Foreign Ministers was not the appropriate body for its discussion. Mr. Schuman said that the French Government had accepted the suggestion made by the United States Government two years ago and they maintained their decision. Mr. Bevin also confirmed that the position of the United Kingdom Government had not changed.

23. Mr. Vyshinsky in a lengthy speech claimed that under Potsdam Agreement Council of Foreign Ministers and not Far Eastern Commission was the appropriate body to draw up Treaty for Japan. He hinted that intention of Western Powers was to exclude China and repeated with emphasis that sole and legitimate body to deal with Japanese Treaty was Council of Foreign Ministers. Members of Far Eastern Commission who were interested would come in after the Council of Foreign Ministers had drafted a Treaty in the same way as other nations had been brought in after the Council of Foreign Ministers had drafted Treaties for Italy and the satellites. Mr. Acheson refuted Mr. Vyshinsky's arguments on the following grounds:

- (a) Japanese Treaty was not referred to at all in Potsdam Agreement.
- (b) At time that Postdam Agreement was signed, Soviet Government were not even at war with Japan.
- (c) "Tasks" for which the Council of Foreign Ministers was established were clearly the preparation of Peace Treaties for satellites, Italy and Germany.
- (d) No Government had claimed more loudly than the Soviet Government that those who had borne the brunt of war should bear major share in peace-making. Soviet Government could not claim to have borne the brunt in the Pacific war. Other nations represented in the Far Eastern Commission had borne the brunt and they must participate in peace-making not only as consultants but as equals. It was useless to continue present debate.

Mr. Vyshinsky agreed that it was pointless to continue the argument. He took exception, however, to Mr. Acheson's statement that the Council of Foreign Ministers was not competent to consider the Japanese Peace Treaty.

24. If the United States proceeds with its present intention to draft and submit to friendly powers for comment broad proposals for a settlement with Japan, some progress will be made in giving the rest of us a broad view of United States intentions which will clear up the present unsatisfactory piecemeal approach to the problem. It seems likely that the essential provisions of the United States draft will be brief and in a form which would not exclude the later conclusion of a bilateral defence agreement between the United States and Japan. When the United States has the comments of friendly members of the Far Eastern Commission it will be possible for them to tell whether they can expect the support of a $\frac{2}{3}$ majority at a peace conference for their proposals. If such support is not evident, there would be little purpose in the United States proposing a conference which would include the Soviet Union and Communist China (assuming that by that time the new regime in Peiping is recognized). If there is satisfactory support for the United States draft then consideration might be given to inviting the Soviet Union and China to attend a peace conference with decisions to be taken by a $\frac{2}{3}$ majority. Should they refuse to attend, consideration might then be given to whether it would be desirable to conclude a separate peace treaty with Japan or simply postpone the peace treaty but agree upon an interim settlement with friendly powers which would have the effect of bringing Japan back to as normal a state of intercourse with the world as possible.

25. The Canadian Government will, of course, wish to give full recognition to the primary responsibility which must rest upon the United States Government in the

formulation of policy for Japan while it continues to bear the major responsibility for the occupation and economic support of Japan and since it would have to bear the heaviest burden in the event of any misstep in relations with the Soviet Union and China over the settlement with Japan.

SECTION B

BREVETS D'INVENTION JAPONAIS
JAPANESE PATENTS

45.

DEA/8364-Y-40

*Note de la direction des États-Unis et de l'Extrême-Orient
au conseiller juridique*

*Memorandum from American and Far Eastern Division
to Legal Adviser*

CONFIDENTIAL

[Ottawa], October 12, 1949

POLICY REGARDING JAPANESE-OWNED PATENTS IN TERRITORIES OF COUNTRIES AT
WAR WITH JAPAN

For some time consideration was given in the Far Eastern Commission to the formulation of a policy decision with regard to Japanese-owned patents, utility models and designs in territories of countries at war with Japan. On March 17, 1949, however, the representative of the U.S.S.R. vetoed a proposed policy decision which had met with the approval of the majority of the other members of the Far Eastern Commission. Due to this opposition on the part of the Soviets there has not been any further attempt in the Far Eastern Commission to reach a policy decision on the subject.

2. The United States Government, however, recently proposed that an informal meeting be held among the members of Committee No. 1 whose governments had approved FEC-311/7, the document containing the proposed policy decision vetoed by the U.S.S.R., to discuss the possibility of obtaining international agreement to a modified version of FEC-311/7.

3. The first meeting, at which we were represented, was held on October 5. A report on the proceedings of this meeting is contained in teletype No. WA-2809 dated October 7 from Washington, a copy of which is attached.†

4. In paragraph 5 of this teletype it is stated that according to present thinking in the State Department and to the consensus of opinion on the part of the representatives of the other countries attending the meetings it would be unnecessary to go through the formalities of convening a conference for the purpose of obtaining an international agreement along the lines of accord on German patents of July 27, 1946. The suggestion is that the United States Government might address notes to all countries represented on the Far Eastern Commission with the exception of the U.S.S.R., proposing that their governments agree to apply the provisions of any draft agreement which is reached on the treatment of Japanese patents outside

Japan. It is then proposed that on the basis of the formal replies to this initial exchange of notes the United States Government could then notify other countries included in the non-enemy category and invite them to agree to the application of similar provisions.

5. I would be grateful if you would give me your opinion as to the legal implications of the proposed procedure outlined in the above paragraph.¹⁸ I think that there is a very good chance of reaching a mutually satisfactory agreement with respect to the technical aspects of the question in the discussions now taking place. If, however, a full scale conference were called to include countries in the non-enemy category, there is then a definite possibility that negotiations might drag on indefinitely and that no satisfactory policy would be agreed upon. Consequently, I believe that the procedure under consideration, from the political point of view, is the one most likely to achieve positive results, although it may prove distasteful to some countries who are not represented on the Far Eastern Commission.

6. Copies of the teletype under covering letters have been sent to Trade and Commerce and the Commissioner of Patents, requesting their views on the changes outlined in paragraph 2 of the teletype.

A.R. MENZIES

SECTION C

OCTROI AU JAPON DE LA CLAUSE DE LA NATION LA PLUS FAVORISÉE MOST-FAVOURED-NATION TREATMENT FOR JAPAN

46.

PCO/Vol. 124

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], September 26, 1949

UNITED STATES PROPOSAL TO INVITE JAPAN TO ENTER INTO TARIFF NEGOTIATIONS WITH A VIEW TO ACCEDING TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

A decision is required on whether or not Canada should support the United States proposal that an invitation be extended to Japan to enter into tariff negotiations with Contracting Parties to the General Agreement and with certain other countries with a view to Japan's accession to the General Agreement.

¹⁸ Selon le point de vue du conseiller juridique par intérim (K.T. Burbridge), la procédure ne soulevait aucune objection, quoiqu'elle ne tombait pas sous l'égide des attributions de la Commission de l'Extrême-Orient (mémoire du 31 octobre 1949†).

The view of the Acting Legal Adviser (K.T. Burbridge) was that there was no legal objection to the procedure, though it did not come within the Terms of Reference of the Far Eastern Commission (memorandum, October 31, 1949†).

2. The tariff negotiations have been scheduled by the Contracting Parties for September, 1950. Present Contracting Parties will negotiate between themselves and with other countries to be invited. It is expected that the United States will propose, at a special meeting of a Committee of the Contracting Parties to be held in London beginning Monday, September 26, that Japan should be invited to those negotiations with a view to its accession to the General Agreement.

3. A decision is required now as to what countries, like Japan, which are not Contracting Parties, should be invited because of the long prior preparations which are required (e.g. exchange of information on trade and tariffs, lists of tariff concessions desired, etc.). Our High Commissioner has been asked to give an opinion on Tuesday, September 27.

4. The negotiations which are scheduled to begin at the end of September, 1950, will probably be quite lengthy in view of the fact that as many as forty countries will probably be participating. In the light of past experience, the results of those negotiations would probably not enter into force before the second half of 1951. There is little likelihood, therefore, that Japan could accede to the General Agreement before that time. A two-thirds vote of the Contracting Parties is necessary to approve such accession. Once a Contracting Party, however, Japan would have to be granted MFN treatment by all other Contracting Parties, including Canada.

5. The United States proposed earlier this year that the Contracting Parties, at their Annecy meeting, should consider the possibility of entering into a multilateral most-favoured-nation agreement with Japan. This proposal was placed on the agenda of the Annecy meeting. In this connection, Cabinet approved in April of this year the following instructions to the Canadian delegation to the Annecy Conference:

"(1) The Canadian Government cannot consider entering into an unconditional most-favoured-nation agreement with Japan at the present time.

"(2) The Canadian delegation should try to persuade the United States representatives to drop, or at least postpone, the whole proposal.

"(3) If the United States representatives will not agree, the Canadian delegation should explore the possibility of a conditional most-favoured-nation agreement. The agreement should provide reasonable protection to Canadian industry against the products of cheap labour, dumping, arbitrary currency valuations and similar practices, while promoting mutually advantageous trade between the two countries."

6. Because of strong opposition by those Contracting Parties whose participation in the proposed most-favoured-nation agreement for Japan was essential or desirable, the United States delegation withdrew its proposal and the item was dropped from the agenda. The attitude of the Canadian delegation, based on the second paragraph of its instructions outlined above, was probably the determining factor in the United States decision.

7. The main arguments for and against Japan's participation in tariff negotiations and its accession to the General Agreement remain fairly well the same as those which were placed before Cabinet earlier this year when the question of an MFN agreement was discussed.

Arguments for

(1) Canada's trade policy since the war has been to lower tariff barriers. We have followed this policy by extending most-favoured-nation treatment unconditionally to many countries and by urging other countries to do the same for us and for each other. In this policy we have worked very closely with the United States. Each country has depended on the support of the other. If we turn back now, this fact will be seized upon by other countries that have either abused the most-favoured-nation approach in general, or have given it lip-service while in fact pursuing a policy of bilateral trade treaties. It is probably not too much to say that, if Canada now announced that it would have nothing to do with the American proposal, this would put an end to the American efforts in that direction.

(2) It is Canada's post-war policy to help rebuild the economy of conquered countries such as Japan. Japanese trade is at present most unsatisfactory. There is an adverse trade balance of about half a billion dollars a year. The United States is at present having to advance money to Japan to cover this deficit. Japan cannot permanently continue as a pensioner of other countries. If Japan is excluded from all useful export markets, it will be a fertile field for the spread of misery, disease and communism.

(3) Many of the undesirable pre-war trade practices of Japan were adopted by the Japanese Government or under its influence for the purpose of waging or preparing to wage war. With the removal of the former government, and of the motive of preparations for war, it is not to be expected that pre-war practices will be resumed, especially if improved access to world markets makes it possible for the Japanese economy to become self-supporting without them.

(4) If other countries make most-favourable-nation treaties with Japan, Canada should do so too. Otherwise, those countries will have freer access to the Japanese market than ourselves; our exporters will be at a disadvantage, and we shall probably find a substantial Japanese content in some of our imports from most-favoured-nation and preferential sources.

(5) One of the arguments which we made against our participation in an MFN agreement for Japan was based on the fact that different rates were quoted for the yen in terms of foreign currency. This meant that, by arbitrary decision of the authorities in Japan, goods could be offered at unduly cheap prices in foreign markets. This situation has now been corrected and a single value of the yen was stabilized on April 25, 1949.

(6) Negotiations between Japan and the United States would mean that many United States tariff items might be reduced. This has not been possible in former negotiations when the United States withheld these tariff items from its negotiations for the reason that Japan was the main supplier.

(7) Japan's membership in the General Agreement would mean that it would be bound on a reciprocal basis by all the provisions of that Agreement to the same extent as all other Contracting Parties. These obligations would extend far beyond the MFN rule particularly once the Agreement is applied definitely. Furthermore, Japan's trade practices would be subject to the close supervision of the Contracting

Parties who would have a more effective and direct channel of consultation and complaint than is available at present.

Arguments against

(1) Experience during the 1930's has taught us that Japanese goods are likely to be dumped in this market—and in other markets of the world. It seems that the danger of dumping and other unfair trade practices in fact is still present.

(2) In addition to Canadian fears about unfair practices, such as selling below cost, there is the underlying fear of competition from Japanese goods produced by very cheap labour.

(3) Japan must obviously increase its exports if it is to stand on its own feet. However, we are likely to bear more than our fair share of the impact. If the increase of export takes place under unconditional most-favoured-nation treatment, the goods that the Japanese will place most vigorously into foreign markets are: textiles, metal products, pottery, glassware, toys. These are not products in which Canada has any special "natural advantages". Our domestic producers are not in a position to stand up to intense foreign competition of goods produced by cheap labour.

(4) Our most-favoured-nation duties on these products are substantially lower than those of the United States.

(5) It is not only our own manufacturers who will suffer the impact. The sort of goods that we take from Japan are the same as the sort that we take from the United Kingdom. Yet, it is the present policy of the Canadian Government to foster imports from the United Kingdom.

(6) The question of Japanese trade and tariffs should not be discussed apart from the whole question of Japan's industrial and economic future.

L.B. PEARSON

47.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 27, 1949

GENERAL AGREEMENT ON TARIFFS AND TRADE; PROPOSED INVITATION TO JAPAN

3. *The Prime Minister*, referring to discussion at the meeting of March 29th, said it was expected that the United States would propose, at a special meeting of a committee of the Contracting Parties to GATT which had begun the previous day in London, that Japan be invited to forthcoming tariff negotiations with a view to its accession to the General Agreement.

An explanatory note had been circulated.

(External Affairs memorandum, Sept. 26, 1949—Cabinet Document 1061).

Prior to the Annecy Conference last April, Cabinet had agreed that the government could not then consider entering into an unconditional most-favoured-nation agreement with Japan. Although there did not appear to be any reason to alter the then position taken, some indication might be given that the Canadian government would reluctantly agree to the inclusion of Japan amongst the countries to be invited to the negotiations scheduled for September, on the assumption that Japan would have regained autonomy over her external trade at that time and her politic and economic future had been placed on a firm basis.

4. *The Cabinet*, after considerable discussion, agreed that the government could not, under present conditions, extend unconditional most-favoured-nation treatment to Japan but that, nevertheless, Japan might be included amongst the countries invited to participate in tariff negotiations to be held next year in the expectation that, before the results of negotiations came into effect, the Japanese would have regained autonomy over their external trade and that the politic and economic future of the country had been placed on a firm basis.

CHAPITRE III/CHAPTER III

NATIONS UNIES UNITED NATIONS

PREMIÈRE PARTIE/PART I

CONTRIBUTION AU BUDGET DES NATIONS UNIES CONTRIBUTION TO UNITED NATIONS BUDGET

48.

DEA/5475-M-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

[Ottawa], November 23, 1949

CANADIAN CONTRIBUTION TO THE EXPENSES OF THE UNITED NATIONS¹

The primary responsibility for making recommendations to the General Assembly for the assessment of contributions of member states of the United Nations rests in the Committee on Contributions, a fourteen man body elected for staggered three-year terms of office by the General Assembly. Under its terms of reference the Committee is required to apportion expenses "broadly according to capacity to pay" and in the measurement of "capacity to pay" the comparative estimates of the national income are considered *prima facie* to be the fairest guide. However, other factors are taken into account, including comparative income per head of the population, temporary dislocation of national economies arising out of the Second World War, and the ability of members to secure foreign currency.

2. In the first scale recommended in 1947 the Committee on Contributions pointed out the extreme difficulties arising in obtaining reliable current statistics and evolved, therefore, a formula based on the best available pre-war statistics adjusted to take into consideration war-time dislocation and the other factors mentioned in its terms of reference. In this scale the United States would have been assessed 49.89%, while Canada would have paid 3.10%. However, the Fifth Committee of the General Assembly decided that, as a matter of sound policy, "in normal times" no one government should be required to contribute more than one-third of the total budget and that, under existing circumstances, the United States' contribution should be set at 39.89%. This figure was accepted by the United States on condition that the scale would be revalued, in succeeding years, on the basis of new evidence which would become available. Accordingly, 39.89% became, in effect,

¹ Note marginale:/Marginal note:

Read to E[xternal] A[ffairs] Comm[ittee] by Mr Heency 23 Nov 49 HO M[oran]

the first "ceiling" on the scale of assessments. The Canadian contribution under this scale was set at 3.35%.

3. Since that time the scale of assessments has been reconsidered annually both in the Committee on Contributions and in the General Assembly. Each year, despite the fact that the Assembly has called upon member states to assist the Committee in its work by the provision of adequate and reliable statistics, the Committee has been seriously handicapped by the lack of such information. Accordingly, apart from minor changes to provide for the admission of new members, there has been no significant modification of the original scale of assessment. In 1948, however, Canada secured recognition of the principle that the per capita contribution of any member shall not exceed the per capita rate of the member making the largest contribution.

4. A table† showing the scale of assessments for the 1950 budget is appended to this memorandum. The ten highest contributors have been indicated in red. It might be noted that the Committee has recommended that the 1950 scale should be the same as that for 1949 with minor modifications affecting the contributions of Sweden and the United States. The Canadian assessment remains at 3.2%, at which figure it was set in 1948 after the admission of several new members.

5. Thus it will be seen that from the first Canada has been one of the major contributors to the United Nations budget. This has been due not only to the fact that the basis on which the Committee on Contributions determines "capacity to pay" *automatically* places Canada high (seventh) among the member states, but also because Canadian statistical and other information provides an immediate and reliable reflection of changes in the Canadian economic situation. Therefore, in contrast with certain other member states whose true "capacity to pay" is not apparent, the Committee on Contributions is always in a position to recommend adjustments in Canada's percentage contribution.

6. In order to safeguard the Canadian Government against unwarranted increases in the Canadian contribution, the Canadian Delegation has generally supported the United States ceiling proposals and has expressed extreme disappointment with member states who have not yet provided information which would have permitted the Committee on Contributions to make definitive recommendations for revision of the scales. In the Canadian view it was time to recognize the improvement in the economic position of many governments such as the countries of Eastern Europe, which had been given special consideration when the original scales were established, and certain Latin American states which seem considerably under-assessed at the present.

7. The Canadian position might therefore be summarized as follows: the Canadian Government is convinced that it is now paying more than its reasonable and equitable share of the total United Nations budget. Therefore, Canada is not prepared to have this share increased whether this results from adjustments in the contributions of other member states or from adjustments of the ceiling. Nevertheless, Canada does wish to see an equitable and sound scale arrived at as soon as possible. For that reason, if any proposals directed toward achieving equity were to be

introduced, the Canadian Delegation would support them, provided always that the new scale did not require Canada to assume a disproportionate share of the burden.

J.W. HOLMES

2^e PARTIE/PART 2
POLITIQUE GÉNÉRALE
GENERAL POLICY

SECTION A

COMITÉ PAR INTERIM
INTERIM COMMITTEE

49.

DEA/5475-CP-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

RESTRICTED

New York, June 30, 1949

Sir,

I have the honour to refer to the second paragraph of your teletype No. 522 of 13 June concerning the Interim Committee of the General Assembly in which you invite my comments regarding the future of that body. The following are some preliminary comments which I should like to make and which I hope to be able to amplify after I have had an opportunity of discussing these matters further with other delegations.

2. I think it is necessary to recall the circumstances in which the Interim Committee was established in order to assess its value to date and to examine the question of its future. It will be remembered that it was the Netherlands Delegation in October, 1945, at the Preparatory Commission of the United Nations in London, which first suggested the need for the establishment of a Standing Committee of the General Assembly for Peace and Security. The Netherlands proposal called for a subsidiary organ established under the provisions of Article 22 of the Charter, which would be charged with preparing recommendations to the General Assembly with regard to the exercise of the functions and powers attributed to the General Assembly by Articles 10, 11, 14 and 15 of the Charter, subject to the provisions of Article 12. The Standing Committee's terms of reference would have limited it to such subjects as were referred to it by the General Assembly, or as were brought before the General Assembly under Article 11, paragraph 2; or Article 15, paragraph 1, in the interval between the sessions of the General Assembly. One of the main arguments advanced by the Netherlands delegation in favour of the establishment of such a committee was that it would enable a better preparation of the work of the

General Assembly on the highly important questions relative to peace and security, falling within its competence. It was argued, on the other hand, that a Standing Committee of the General Assembly for Peace and Security established as one of the five or six committees into which the General Assembly would be divided during its yearly sessions, however useful such a committee might be, would not be enabled to perform any preparatory tasks in a proper way, because it would cease to exist at the end of the session of the General Assembly.

3. Because of the many other problems of a more urgent character which were before the Preparatory Commission, the proposal of the Netherlands delegation was not acted upon, and it was not until the Second Session of the General Assembly that the idea was revived, when the United States delegation introduced a resolution proposing the creation of a Standing Committee of the General Assembly, constituted as a committee of the whole, principally for the purposes of dealing with situations and disputes under Articles 11 and 14 of the Charter.

4. In the interval of two years between the meeting of the Preparatory Commission and the Second Session of the General Assembly, experience had shown that the work of the Security Council was so impeded by the application of the rule of unanimity, that it had been unable to act effectively even in the pacific settlement of disputes. In addition, the agenda of the General Assembly had become so crowded that it was found impossible, in the time allotted to regular sessions, to permit adequate study of every item. The United States proposal for an Interim Committee, therefore, came at a time when a number of delegations had been thinking along similar lines and with a number of important modifications it was adopted by a resolution of the General Assembly, 41 states voting in favour, six against and six abstaining.

5. When the discussions began in the First Committee, the countries of the Soviet bloc argued that the United States' proposal was a violation of the Charter and a deliberate attempt to circumvent the Security Council. Subsequently a number of modifications were suggested and agreed to in the First Committee with a view to making the proposal less open to the constitutional objections raised by the Soviet bloc. When final discussion of the establishment of an Interim Committee of the General Assembly took place in plenary session, the U.S.S.R., Poland, Yugoslavia, Byelorussia, the Ukraine and Czechoslovakia, however, reiterated their opinion that the Interim Committee was "unconstitutional" and announced their refusal to take part in the work of the Committee. The terms of reference, as they were finally adopted represented a compromise. In certain respects they are not best designed to accomplish what, in two years of work it has transpired, has been the principal and most useful function of the Interim Committee; namely the long-term studies in implementation of Article 13 of the Charter and the study of the voting procedures in the Security Council.

6. Throughout the life of the Interim Committee, the countries of the Soviet bloc have maintained their boycott of the committee and continue to claim that it is "unconstitutional". Moreover, so long as the countries of the Soviet bloc have refused to participate in the Interim Committee there has been a disinclination to refer to it any work of major political importance. For instance, at the Second Part

of the Third Session a Special Committee on Methods and Procedures was established as an ad hoc body, although unquestionably the work of this Committee has an important bearing on the work which the Interim Committee was established to do. Similarly, the work assigned to the committee established by the General Assembly to consider the Secretary-General's proposal for the creation of a United Nations Guard Force was not referred to the Interim Committee, although this would have been the logical body to study such a proposal were it not for the fact that it was boycotted by six of the countries whose participation in any discussions concerning a guard force are essential, if any practical effect is to be given to the proposal.

7. If one of the most important functions of the United Nations organization at the present time is to put into effect the maximum possible amount of cooperation between the Soviet Union and the West (despite the present division of the world) in order to preserve peace, then there would appear to be strong grounds for the argument that the usefulness of the Interim Committee is seriously impaired by the refusal of the Soviet Union to participate in this body. The question thus arises how can the Soviet bloc be persuaded to participate in the work of the Interim Committee? Past experience has shown that, as in the case of the Trusteeship Council, the Soviet Union may, if expedient, reverse its position. It might be possible, therefore, to induce the countries of the Soviet bloc to participate in the Interim Committee's work either by changing the committee's terms of reference or by giving the Interim Committee more important work of a political character in which the Soviet Union might feel it an advantage to participate.

8. I would hope that Sub-Committee 7 will attempt to approach the problem before it from the point of view of considering how best to expedite and to improve the work of the General Assembly. If the Sub-Committee approaches the problem from this broader point of view, it is more likely to make a report which can be of assistance to the General Assembly when the problem is under review at the fourth regular session. For instance, I think experience has shown that if the General Assembly is to continue to attract delegates of the status of foreign ministers, whose presence is so necessary if the prestige of the General Assembly is to be maintained, its business will have to be arranged in such a manner that the most important political items requiring the presence of senior political representatives can be disposed of in three or four weeks. One of the apparent weaknesses of the General Assembly is the great amount of time taken up in discussion of matters of secondary importance, inevitably at the expense of the time allotted for discussion of important matters. The Interim Committee could, I think, be a useful means of assisting the General Assembly to arrange its business in such a way that most of the political matters of secondary importance are discussed before the General Assembly convenes, always granting of course that the countries of the Soviet bloc are prepared to participate in the Interim Committee's work.

9. The report submitted by the Interim Committee last year (document A/606 of 13 August 1948) is a very full study of the Interim Committee based largely upon the report submitted to it by Sub-Committee 4 which, as you are aware, was charged with substantially the same task which has been given to Sub-Committee 7 this year. Sub-Committee 4 of the Interim Committee in its report last year studied

a number of important matters relating to the work of the Interim Committee as such, but it did not examine in any detail one important aspect of the Interim Committee's work, namely the part which that body can play in accomplishing useful preparatory work for the General Assembly.

10. In assessing the talk which is before Sub-Committee 7, I think one has to consider: (a) what is to be the form of the Interim Committee, and (b) the nature of the functions to be assigned to it. Obviously these are two aspects of the same problem, but for the sake of clarity I have chosen to deal with them separately. I think it more logical to discuss the question of functions first, as the nature of the task assigned to the Interim Committee will decide, to some extent at least, the form which it should take. To the question "Should the Interim Committee be continued?", I think one would be justified in replying in the affirmative. There are good reasons, to be found in the Charter itself, which can be advanced in favour of continuing the Interim Committee. Article 11 and Article 13 charge the General Assembly specifically to carry out certain studies. Article 13 particularly requires the General Assembly with: "(a) promoting international cooperation in the political field and encouraging the progressive development of international law and its codification; (b) promoting international cooperation in the economic, social, cultural, educational, and health fields, and assisting in the realization of human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion." The language of Article 13 makes these duties of the General Assembly mandatory, and the work of the Interim Committee in this field alone would seem, therefore, to warrant its continued existence. If this interpretation is accepted, the question then arises of what other functions the Interim Committee can or should perform. In considering the present terms of reference of the Interim Committee, one must bear in mind that the situation which existed in the Security Council in 1947 no longer holds to the same extent. At the time the Interim Committee was established in 1949, the Security Council had not yet demonstrated its capacity to perform the important functions assigned to it under the Charter in the field of mediation and the peaceful settlement of disputes. Since that time the Security Council has had notable, if limited success in this field, in the cases of Palestine, Indonesia and Kashmir, and one of the principal reasons originally justifying the establishment of the Interim Committee, therefore, has to some extent at least disappeared. Any examination of the terms of reference of the Interim Committee, therefore, must be made with this changed situation in mind.

11. The first function of the Interim Committee, as laid down in its terms of reference, paragraph 2(a) of General Assembly resolution 196(III), is "to consider and report with its conclusions to the General Assembly on such matters as may be referred to it by or under the authority of the General Assembly". So far, the only matter referred to the Interim Committee by the General Assembly has been the question of Korea in which the Interim Committee was able to perform a useful but limited function. To date the Interim Committee has not been called upon to fulfill any of the functions called for under paragraph 2(b) of General Assembly resolution 196(III) relating to consideration by the Interim Committee of "any dispute or any situation which, in virtue of Articles 11 (para. 2), 14 or 35 of the Charter, has been proposed for inclusion in the agenda of the General Assembly by any Member

of the United Nations, or by any non-member State under Articles 11 (para. 2) or 35, or brought before the General Assembly by the Security Council, provided the Committee previously determines the matter to be both important and requiring preliminary study." The Interim Committee has performed its most useful work in relation to paragraph 2(c) of General Assembly resolution 196(III); studies in the field of international political cooperation. The Interim Committee to-date has not had occasion to implement paragraph 2(d) of General Assembly resolution 196(III) relating to the summoning of a special session of the General Assembly. Similarly, the Interim Committee has never exercised its right to "conduct investigations and appoint commissions of enquiry within the scope of its duties, as it may deem useful and necessary, provided that decisions to conduct such investigations and enquiries shall be made by two-thirds majority of the members present and voting." It will be seen, therefore, that the Interim Committee has so far only discharged a small part of the duties permitted to it under its terms of reference.

12. Despite the limited operation of the Interim committee to date I think there would be sufficient grounds for continuing it solely on account of the important functions assigned to the General Assembly under Article 13. Its continuation is all the more essential when one considers that it is only in the political and security field that the General Assembly lacks a body to do essential preparatory work. In the economic and social field, in the trusteeship field, in budgetary and administrative matters and in the legal field as well as in a number of other specialized fields, there are various bodies established to perform necessary preparatory work. In regard to security matters the Security Council, the Commission for Conventional Armaments, the Atomic Energy Commission and the Military Staff Committee may be regarded as doing some preparatory work; there is no equivalent body doing necessary preparatory work for the General Assembly in respect of international cooperation, except the Interim Committee. If it is recognized that the participation of the countries of the Soviet bloc in the Interim Committee would revitalize it and permit it to carry out useful preparatory work for the General Assembly, then there would seem to be good grounds for considering revision of the terms of reference to make it possible for the countries of the Soviet bloc to participate in its work. This might be accomplished by restricting the terms of reference to the duties of doing preparatory work in the political and security field and to the long-range studies referred to in Article 13 of the Charter (sub-paragraphs (a) and (c) of paragraph 2 of General Assembly 196(III)). Alternatively, the Interim Committee might be continued with its present terms of reference for an unspecified period until more definitive conclusions can be reached regarding the functions which such a body can usefully perform.

13. With these alternatives in mind, I think one can consider the various forms which the Interim Committee might take. When the Interim Committee was established, a number of different proposals as to its form were considered. For instance, it was suggested that the General Assembly might, by a simple adjustment of its Rules of Procedure, be kept in session throughout the year, meeting as the occasion demanded. It was also suggested that similar results might be obtained by depending upon the convocation of special sessions of the General Assembly, and there was a third suggestion to establish a committee of the whole Assembly to meet

between regular sessions. Advantages and disadvantages were to be found in each of these methods and it was eventually decided that the establishment of an Interim Committee was the method best suited to the circumstances then pertaining. It is possible, however, that, in the present circumstances, the General Assembly might wish to reconsider its original decision. For instance, if it were considered that the countries of the Soviet bloc could be persuaded to participate in the Interim Committee's work if its terms of reference could be modified to meet their objections, it might be possible to reconstitute the Interim Committee on a different basis.

14. I shall deal with the alternative suggestions in the order in which I mentioned them in paragraph 13 above. The suggestion to keep the General Assembly in session throughout the year could be given effect by making the Interim Committee one of the main committees of the General Assembly, establishing it either as the Seventh Committee or with a status and with functions similar to the Ad Hoc Political Committee. Such a proposal, however, would undoubtedly meet with the same objection which was put forward to the Netherlands proposal made in 1945 for a Standing Committee of the General Assembly for Peace and Security. It is not clear from Article 20 of the Charter if a proposal of this nature would be constitutional. However, if the constitutional difficulties could be overcome, there would be certain advantages in this method. As a seventh committee of the General Assembly, for instance, the Committee might be allocated items in the agenda requiring long-range preparatory work and studies including matters which heretofore have been entrusted to special committees, such as the Special Committee created to study the establishment of a United Nations Guard Force, and the Special Committee on Methods and Procedures of the General Assembly. In addition, of course, the Committee could continue to carry out, at the direction of the General Assembly, the studies called for under Article 13 of the Charter. In this manner studies of a detailed character which require a good deal of time could be carried on and the resulting reports dealt with only in plenary session, thus lightening the load of the Political Committee. More important than this however, the transformation of the Interim Committee into one of the main committees of the General Assembly might serve as an inducement to the countries of the Soviet bloc to participate in its work as, if they did not do so, they would only be able to discuss the items dealt with by the committee in plenary session and at a stage when thinking on those matters would have hardened to a degree which might make it impossible for them to have any appreciable effect on the discussions. Should the recommendation to amend Rule 59 of the General Assembly's Rules of Procedure, which is now under consideration by the Special Committee on Methods and Procedures of the General Assembly, be adopted, this argument would more than ever apply.

15. The suggestion to depend upon the convocation of a special session of the Assembly seems to have no particular advantage, at least not in so far as the solution of the problems which are before the Assembly at present is concerned. It is within the power of the members of the General Assembly now to call a special session at any time in accordance with the Rules of Procedure and it is generally thought that this procedure should be sparingly used to deal with special situations requiring the urgent attention of all the members of the organization.

16. In addition to these suggestions, there are two other alternatives which have to be considered. It would be possible for the Political Committee to elect, in accordance with Article 22 of the Charter, at each session a special and select committee to perform whatever preparatory work might be assigned to it during the Assembly and which could meet between regular sessions to carry out that work. One advantage of such a proposal is that it would circumvent the constitutional objection which has been raised to the establishment of the Interim Committee as one of the main committees of the General Assembly meeting only between regular sessions. This, however, would raise difficulties regarding the question of its composition if the membership were to be less than the membership of the whole organization.

17. There is of course, in addition, the more modest proposal, which seems to have the support of the United States delegation, to leave the Interim Committee's terms of reference virtually unchanged with the exception that no specific time limit be placed on its life. Such a proposal would be an advantage from an administrative point of view, it being simpler to budget and to provide a secretariat for a permanent body. It also would lend more stability to the work now being done by the Interim Committee. It would not, however, do much to solve the principal problem which appears to be to lighten the load of the Political Committee and to perform useful preparatory work for the General Assembly in the political and security field. This, as I have suggested, seems to involve bringing the Soviet Union and its satellites into cooperation with such a body.

18. None of these proposals seems to provide a satisfactory or conclusive answer to the problem. The form which the Interim Committee takes, of course, depends largely upon the functions which it is decided to give to it. If agreement could be reached upon the general objectives which it is desired to set for the Interim Committee, and the place which it is to have in relation to the work of the General Assembly and the other organs of the United Nations, I think the decision as to the form it should take, could more easily be agreed upon. I doubt, however, whether Sub-Committee 7 will be able to do more than analyze the problems and set out the various alternatives without attempting to reach any conclusions or make any specific recommendations to the Interim Committee.

19. The United States delegation apparently favours a recommendation to continue the Interim Committee, without limiting its life to a specific period of time and without any change in its present terms of reference. The United Kingdom delegation appears to be thinking along similar lines, although they have not yet received any instructions.

20. It does not seem to me that Sub-Committee 7 is the appropriate place to reach any conclusions on any of the broader issues which I have mentioned in this despatch. In my opinion the role which the Interim Committee can play in the United Nations can best be assessed in the General Assembly when the recommendations of the Special Committee on Methods and Procedures of the General Assembly are available and when the General Assembly has been able to decide whether it wishes to approve long-range studies which are being formulated in the Committee on International and Political Cooperation. There are, however, a number of questions I have outlined in this despatch which you may wish to have considered in

Sub-Committee 7. I should be grateful to have your comments on this despatch and to have any instructions which you may care to give to our representative on Sub-Committee 7. It should be recalled that our representative was elected Rapporteur of Sub-Committee 7 at its first meeting.

I have, etc.

G. IGNATIEFF

50.

DEA/5475-CP-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 611

Ottawa, August 9, 1949

CONFIDENTIAL

Your despatch No. 322 of August 2.† Interim Committee.

Regarding report submitted by Working Group I of the Sub-Committee on International Political Co-operation, you are correct in assuming that we should support the report, though recognizing its tentative and rather limited nature. I agree that the Sub-Committee will probably recommend that the study should be continued and, if you think it necessary, the Canadian representative might speak in favour of its continuation. He should stress, however, the need in future stages of the work to arrive at more complete and comprehensive conclusions regarding the organization and work of United Nations commissions.

2. Regarding the report of Sub-Committee Seven, I think that at this stage we should confine ourselves to support of the Sub-Committee's recommendations and findings. It appears that the majority of the members of the Sub-Committee, while expressing sympathy with the objective of lightening the burden of work of the General Assembly, are not prepared to press for any drastic change in the terms of reference of the Interim Committee.

3. I have read with interest your despatch No. 288 of June 30 and I agree in principle that with appropriate changes in the terms of reference the Interim Committee could be used to lighten in no small way the load of the Assembly, particularly that of the Political Committee. However, as you have pointed out, this would seem to involve bringing the Soviet Union and its satellites into co-operation with the Interim body. Such a rapprochement would be likely only by means of a private approach to the Soviet Delegation on the part of the major Western powers. It is not likely to be achieved by any action of the Interim Committee itself.

4. In my opinion the Interim Committee should not be considered unsatisfactory merely because it is not kept busy. Essentially it was brought into existence to meet emergencies. The absence from the agenda of the Interim Committee of political questions is therefore, if anything, a good sign. We should be prepared to keep this

Committee in existence, even if it seldom meets and even if its agenda is not of urgent importance, merely for the role which it might play in emergencies.

5. I think it may be true, as you have pointed out in paragraph 6 of your despatch No. 288 of June 30, that such questions as the Establishment of a United Nations Guard and the Study of Methods and Procedures should be referred to a subsidiary organ of the General Assembly, similar to the present Interim Committee. For the moment, however, I think it desirable to wait for the reports of the Special Committees presently constituted to deal with these two questions in order to determine to what extent Members of the United Nations are prepared to accept changes in the present organization. For example, when we have the results of the discussions of the Special Committee on Methods and Procedures before us, we shall be in a better position to decide whether the General Assembly would be likely to accept an over-all change with respect to the work of the Interim Committee. It is my impression that generally speaking the majority of Members of the United Nations are not inclined at the moment to accept recommendations for far-reaching changes in that organization. Therefore, I doubt the advantage of putting forward at the present time our long-term views as to the future of the Interim Committee.

51.

DEA/5475-CP-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 107

New York, October 15, 1949

CONFIDENTIAL

Ad Hoc Committee.

1. You will have seen from the summary and takes 1 to 7 of United Nations press release GA/AH/43 of October 14th† that the ad hoc committee continued general debate on the Interim Committee's report. Of the five speakers, four of them spoke against the continuation of the Interim Committee. The speeches by the representative of Pakistan and the representative of Israel are of particular interest as they give a reasoned, albeit superficial case against continuing the Interim Committee. This opposition was not unexpected as Israel and Pakistan are amongst the eight or nine countries which voiced opposition to the continuation of the Interim Committee when that body met in August. However, in the light of a possible move by certain of the South American countries represented on the Committee, which we learned of last night, this opposition may take on a more serious aspect.

2. We learned, in confidence, that the representative of Bolivia together with the representatives of Panama and Uruguay have made informal approaches to the representatives of Czechoslovakia and Poland with a suggestion that the Interim Committee as such be disbanded; that in its place there be established a seventh main Committee to sit after the General Assembly rises and to carry out only such work as is assigned to it by the General Assembly. The Polish and Czechoslovak repre-

sentatives we understand while not unreservedly accepting the suggestion for the establishment of such an ad hoc preparatory Committee gave the South American representatives to understand that they might be prepared to consider it.

3. The dangers in the Bolivian proposal are obvious. It is likely in Committee it may get the tacit consent of the Slav Bloc which might have the effect of defeating the draft resolution, which re-establishes the Interim Committee for an indefinite period, only to find that in plenary the Slav Bloc would declare upon reconsideration they had found the proposal to be "illegal". The other danger lies in the lack of proper terms of reference for the ad hoc preparatory Committee proposed by the Bolivian representative. Quite apart from the fact that there has already been some discussion in the United Nations as to what constitutes a "subsidiary organ" under the terms of Article 22 of the Charter (it is open to question whether a body without specific terms of reference can be considered a subsidiary organ), there is the danger that any matter within the purview of the General Assembly could be referred to this ad hoc preparatory Committee. For instance, it would presumably be possible to refer administrative and budgetary matters and economic and social matters to this body for preparatory study.

4. The United States delegation have expressed some concern in private at this manoeuvre by the South American countries and we understand that they have had a number of informal talks with members of certain South American delegations in an effort to head off the Bolivian proposal. How successful these attempts have been we have not yet been able to find out but it seems likely that the Bolivian may make his proposal at the next meeting of the ad hoc political Committee on Monday morning. It is possible that he may not put the proposal in any concrete form but rather suggest it as an idea upon which he would wish to have comments from members of the Committee.

5. The United States delegation in trying to dissuade the Bolivian representative have stated that they might have no objection to his proposal provided the newly constituted ad hoc Preparatory Committee were to have in its terms of reference paragraph 2b of the draft resolution on the re-establishment of the Interim Committee for an indefinite period. This is, you will recall, the "fire house" clause which in the opinion of the United States delegation is the pith and substance of the present terms of reference of the Interim Committee.

6. It would be our thought in any remarks which we make in Committee during the debate to oppose any suggestion of this kind put forward by the Bolivian representative or by his colleagues. We will, of course, in addition support the continuation of the Interim Committee on an indefinite period basing ourselves upon the arguments which are put forward in the commentary. We would, however, be grateful for any comments which you might care to make on the Bolivian proposal and for any suggestion which you may wish to make as to the best way of countering it.

52.

DEA/5475-CP-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 151

Ottawa, October 20, 1949

CONFIDENTIAL

Your Teletype No. 107 of October 15. Interim Committee.

2. It appears from Press Release GA/AH/45† that the Bolivian approach to the representatives of the Slav bloc did not evoke much enthusiasm for the plan to disband the Interim Committee as such and to re-establish in its place a 7th Main Committee of the General Assembly. I believe that this possibility was discussed in paragraph 14 of Despatch No. 288 of June 30 from the Canadian Permanent Delegate in which mention is made of certain constitutional difficulties as an argument against such a proposal. I assume that there is no need at this stage to pursue this aspect of the question.

3. From our reading of recent press releases on this subject it would appear that a majority of the Ad Hoc Political Committee are prepared to support the draft resolution, submitted by the Interim Committee, calling for its continuation for an indefinite period with the existing terms of reference.

4. We are wondering, however, what support exists for the Venezuelan proposal to set up a sub-committee to study the nature of the terms of reference which might be given to a committee subsidiary to the General Assembly and to achieve the co-operation of all members of the United Nations in the subsidiary body. In our view this proposal seems to have merit.

5. On the basis of past experience it seems clear that the terms of reference of the Interim Committee could not profitably be extended, unless there was a clear indication that the Soviet States intended to participate in its future work. This view was fully elaborated in Teletype No. 288 of June 30 from the Canadian Permanent Delegate. If the Slav States are to be persuaded to participate in the type of work carried on in the past by the Interim Committee, or in any other work of a political nature which might be referred to it, the interim body would probably have to be reconstituted, and at the very least, have a change of name in order to save their faces. A sub committee of the Ad Hoc Political Committee, such as the one suggested by Venezuela, would seem to be the appropriate body for studying the prob-

lem. The membership of such a sub committee should in our view be representative of the various interests in the General Assembly.²

SECTION B

ÉLECTIONS AU CONSEIL DE SÉCURITÉ ELECTIONS TO SECURITY COUNCIL

53.

DEA/5475-CX-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, July 6, 1949

ELECTIONS TO THE SECURITY COUNCIL

The General Assembly, at its Fourth Session beginning in September, will have to elect three non-permanent members of the Security Council to take the place of Argentina, Canada and the Ukraine. On June 23 we addressed identical telegrams to London (No. 1138)† and Washington (No. 1603),† copy attached, outlining our preliminary views and asking Mr. Wrong and Mr. Wilgress to sound out the State Department and the Foreign Office on this subject.

2. From the attached replies (No. 1767 from Washington† and No. 1329 from London,† both dated June 28) it is evident that on the official level London, Washington and ourselves do not entirely agree at this stage on which countries should be supported for the three vacancies. It is, I think, generally accepted that the Latin American Republics will be successful in getting one of their number (present indications favour Ecuador or Uruguay) elected to succeed Argentina. There is, however, a difference of view between Washington and London as to the disposition of the other two vacant seats. The State Department recognize the importance of having an Asian state other than China on the Council, and, subject to Indian behaviour on the Kashmir issue, they regard India as the most obvious candidate. Their view is, however, that India's only chance of election is to the so-called Commonwealth seat, and they think that New Zealand should wait for a later vacancy. The possibility of electing both India and New Zealand simultaneously has apparently not been considered. For the third vacancy they are still thinking in terms of a Soviet satellite or Republic.

² Le Canada a appuyé la recommandation du Comité par interim, à l'effet qu'il soit prolongé indéfiniment selon les mêmes termes du mandat; la recommandation fut approuvée par l'Assemblée générale le 21 novembre 1949, par un vote de 45 en faveur, 5 contre, et 4 abstentions.

Canada supported a recommendation by the Interim Committee that it be continued indefinitely with the same terms of reference; the recommendation was adopted by the General Assembly on November 21, 1949 by a vote of 45 for, 5 against, and 4 abstentions.

3. The Foreign Office have discarded their original hope of getting both India and New Zealand elected, and at this stage prefer New Zealand to India. The reasons given for this preference are broadly that New Zealand would be a more mature and reliable member of the Council, that Indian membership would complicate the solution of current disputes, such as Kashmir, and other problems, e.g. Hong Kong, which might come before the Council; and finally that if the Chinese vote became Communist and if a Soviet satellite were elected at the next Assembly, the Soviet Union would have three votes already, and might even gain Indian support on occasions (presumably on colonial issues) with the result that the proceedings of the Council might come to "a complete stalemate". The Foreign Office and the Indian Government are now engaged in discussions which the Foreign Office hope will lead to India's standing down and accepting some lesser alternative in compensation. The present Foreign Office view is, however, that if India insists on being a candidate, the United Kingdom will have to support her and attempt to persuade New Zealand to stand down. Until the present discussions with India are concluded the United Kingdom authorities do not intend to consult the State Department, nor have they indicated their attitude to the disposition of the seats now filled by Argentina and the Ukraine.

4. A preliminary Canadian view was first discussed on June 16 at an informal meeting with General McNaughton. The General himself came out very strongly in favour of India and it was agreed that we should consider doing what we could to take the initiative on India's behalf. At the present time this preliminary attitude, as expressed in telegram No. 1138 to London (under reference), appears to be closer to the United States than to the United Kingdom position. We should, I presume, have to accept a nominee of the Latin American Republics as the successor to Argentina on the Council. For the other two seats, I am wondering whether we might not still gain substantial support if we were to suggest the election of both India and New Zealand, the former as a state with great material and moral authority in South East Asia, and the latter as the successor to Canada in the "Commonwealth" seat. (It is possible that the Philippines might be proposed as an appropriate representative of South East Asia, but perhaps if General Romulo were elected to the Presidency of the Assembly, the Filipinos might accept this honour as adequate recognition of their claims).

5. If the prospects of electing both India and New Zealand look dim, however, we should then, I presume, favour India over New Zealand as our own successor, and attempt to persuade the United Kingdom to join with us and the United States in rallying support for India. Our sponsorship of the latter country, of course, would have to be made conditional on its behaviour in the Kashmir issue, and indeed India could be reminded that support in the Assembly of her aspirations for a Council seat would depend on the degree to which she showed a cooperative attitude towards UNCIP.

6. I think it is particularly important that India should be assured of strong support in the forthcoming elections, provided she adopts a reasonable position over Kashmir and other issues such as Hyderabad and, conceivably, French India. It may well be that the Foreign Office underestimates India's suitability for Council membership. In the first place India, by reason of its geographical position, and of the

very great moral and material authority which it possesses, would appear to be the one candidate so far mentioned for possible membership of the Council which meets the two criteria set out in Article 23 of the Charter. Functionally, its contribution to the maintenance of international peace would unquestionably be a great deal more valuable than that of New Zealand, and from the standpoint of equitable geographical distribution its claims are just as good. It is true that New Zealand would probably be a more "reliable" member, but the need for an authoritative counterweight to the vote of Communist China, particularly during the next two years when the Council may be faced with its most difficult issues in the Asian area, would seem to outweigh the admitted justice of New Zealand's claim.

7. Furthermore, I think that on the whole the Indians have tended recently to swing away from the policy of independent neutrality which they adopted in the early stages of their membership in the United Nation. Nehru's initiative in calling a conference of Asian states to discuss the Indonesian question, India's cooperation with the United Kingdom over the Burma issue, and the present Indian attitude on Hong Kong may be cited as evidence of a new trend in Indian foreign policy. A responsible, "third-force" independence seems to be taking the place of what was previously a rather irresponsible neutrality. I think it is reasonable to assume that this new trend is likely to be strengthened rather than reversed by India's election to the Council.

8. Finally we must not lose sight of the effect which Commonwealth failure to support India's candidacy might have both on Indian relations with the Commonwealth itself and on Indian foreign policy generally. Questions are still being asked in India as to the value of the Commonwealth connection. Support of New Zealand in preference to India might embarrass those who are trying to work out the new relationship between India and the rest of the Commonwealth. It might also arrest the tendency for India to become a bulwark against communist influence in South East Asia.

9. The attached telegram to our High Commissioner in London† has been drafted for your consideration and signature, if you approve. It summarizes the considerations contained in this memorandum, and asks Mr. Wilgress to place these views before the United Kingdom authorities.³

³ Note marginale:/Marginal note:

I do not think that we should attempt to influence *either* India *or* New Zealand to stand or not to stand for the S.C. If they *both* stand, I think that we should support *both* as good prospective members of the S.C. Certainly we should not give India any reason to think that we do not consider her "reliable". LB P[earson]

54.

DEA/5475-DW-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 136

New York, October 19, 1949

SECRET

Elections to United Nations Councils.

1. As Mr. Heeney has already informed you by telephone, after consultation with members of the delegation this morning, I came to the conclusion that in the Security Council elections we should vote for India, Ecuador and Yugoslavia,⁴ and I note from telegram No. 147† that you have now so recommended when Cabinet met today.

2. There has been general support for the Indian candidature for the Security Council in which we have been happy to concur. Ecuador is the choice of the Latin American States, and though we should greatly prefer to see a larger and more responsible State selected, we have little alternative other than to accept this choice. The only difficult decision was in regard to an eastern European State to replace the Ukraine. The Soviet candidate is Czechoslovakia, but Yugoslavia has made known its desire to secure election to the Council and has been conducting a vigorous campaign for support.

3. We cannot be sure that Yugoslavia will be either a more responsible or constructive member of the Council than Czechoslovakia and we have misgivings over the possibility that the election of Yugoslavia will project into the Security Council the angry dispute which is now taking place between that country and the U.S.S.R. We came finally to the conclusion, however, that we should vote for Yugoslavia because it seemed to us, in the circumstances, that the consequences of her defeat would be more serious than of her election. In a press conference yesterday, Mr. Vishinsky stated categorically that the election of Yugoslavia would be illegal and contrary to the Charter. He insisted that a binding obligation rests on the other members of the United Nations to accept the nominee of the majority of eastern European States. In the circumstances, therefore, the election of Czechoslovakia would appear to be a vindication of his wholly false and misleading interpretation of the Charter. It also seems to us that the defeat of Yugoslavia might tend to discourage the growth of national Communist movements in states which are now dominated by the U.S.S.R. For these reasons we came with some misgivings to the conclusion that the delegation should support Yugoslavia in the elections.

4. In regard to the Economic and Social Council a definite slate has emerged for which wide support has developed. We shall have no difficulty in supporting any of these candidates, and we, therefore, propose to vote for the following: the United

⁴ Le 20 octobre l'Assemblée générale a élu au Conseil de sécurité: l'Inde, l'Équateur et la Yougoslavie.
On October 20 the General Assembly elected India, Ecuador and Yugoslavia to the Security Council.

States, Pakistan, Mexico, Iran, the Ukraine and Canada.⁵ The Ukraine is the Soviet nomination which in this case we think it wise to accept. We have not been pressing our own candidature though we have been assured by the United States delegation and one or two others that Canada will be elected to the Economic and Social Council.

5. With regard to election to the Trusteeship Council, there is still some uncertainty as to the states which will be available for election. It may, therefore, be necessary to take a decision on our vote at the last minute.

6. The proposed course of action described above is consistent with the general instructions approved by Cabinet before the General Assembly convened.

7. We do not (repeat not) intend to inform any other delegations or any newspaper correspondents of our intentions in regard to the vote. If it is possible we shall also refrain from making known the way in which we have voted, even after the vote is taken, although this may prove difficult to do. Sometime ago assurances were given to the Indian Government that it could count on our support for the Security Council, but this is the only instance in which information concerning our vote has been communicated. In transmitting information to Missions abroad concerning our vote in the elections, it might be wise to mention this reservation.

55.

DEA/5475-CX-1-40

*Note du sous-secrétaire adjoint d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa], October 20, 1949

CANADA'S SUPPORT FOR YUGOSLAVIA FOR ELECTION TO THE SECURITY COUNCIL

Mr. Robertson telephoned me after the Cabinet meeting yesterday to give me the decision of Cabinet for transmission to the Delegation in New York. I therefore informed the Delegation that Cabinet had agreed that, as between Yugoslavia and Czechoslovakia, they would be inclined to vote for Yugoslavia and that they had further decided that no public statement should be made on how the Canadian Delegation was voting.

2. Mr. Heeney has just telephoned me, following the daily meeting of the Canadian Delegation this morning, to say that the Minister recommends very strongly a modification of this position. He feels that it would not be possible for him to refuse to discuss with the press at a press conference the rights and wrongs of the claims made by the Soviet Union that a vote for Yugoslavia would be improper and develop with the press the considerations which the Canadian Delegation has had in mind in deciding on which state to vote for. Any such discussion could not help but make clear the Delegations's support for Yugoslavia and he would therefore

⁵ Les États-Unis, le Pakistan, le Mexique, l'Iran, le Canada et la Tchécoslovaquie furent élus.
The United States, Pakistan, Mexico, Iran, Canada and Czechoslovakia were elected.

recommend that, after the election has taken place, he should let it be known, but not for ascription to the Canadian Delegation, that the Canadian Delegation has voted for Yugoslavia.

3. Mr. Heeney added that this matter had been discussed at the Delegation meeting and that the Delegation agreed with this recommendation from the Minister.

4. Mr. Heeney is to telephone me back at 12:00 noon since the Minister will be meeting the press about that time.

5. I should be grateful for your instruction on what I might say to Mr. Heeney.

E[SCOTT] R[EID]

Memorandum for file:

Since Mr. Claxton was absent from Cabinet, this memorandum was sent to the Prime Minister. Mr. Robertson telephoned me shortly before noon to say that the Cabinet was ready to leave the matter to Mr. Pearson's discretion. He added that the discussion in Cabinet yesterday had been concentrated on the narrower issue—what statement might be made in the House of Commons in answer to a question.

Mr. Heeney telephoned me at noon and I gave him this message.

E[SCOTT] R[EID]

SECTION C

SECRÉTAIRE GÉNÉRAL
SECRETARY-GENERAL

56.

L.B.P./Vol. 17

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

CONFIDENTIAL

Washington, December 22, 1949

Dear Mr. Pearson:

Mr. Dean Rusk asked me today if I would sound you out personally about your views on the Secretary General of the United Nations in view of the approaching expiration of Mr. Lie's term. He said that the State Department would be very interested in anything that you might have to say because of your long experience in United Nations affairs and your knowledge of the personalities and issues involved.

He went on to say that he was wondering what the proper principles should be—whether it was desirable to aim at rotation of the office or to seek continuity of tenure by the incumbent for a lengthy term. He did not, however, seem to differ when I remarked that in existing circumstances it seemed to me impossible to apply

a principle, and that our action should be guided by qualities of the man in office and the possibilities of finding a suitable successor with the veto hanging over the selection. I asked him how seriously Mr. Lie's statement should be taken. He said that he thought that Mr. Lie would probably accept reappointment, or at least agree to remain in office until a successor has been chosen. He went on to say that in his opinion Mr. Lie's term could be extended by resolution of the Assembly without reference to the Security Council, since the Security Council had played no part in the decision which limited his term to five years.

Mr. Rusk did not suggest the names of any candidates for the succession. He was sure that, if Mr. Spaak were prepared to stand, his nomination would be vetoed by the Soviet delegate. He also assumed that you were not willing to stand yourself, and added that, if you did, the Soviet delegate would be likely also to apply his veto. He thinks, however, that a real effort must be made to agree among the permanent members either on an extension of Mr. Lie's term or on the choice of a successor, and he said that the State Department proposed to start consultations with the other permanent members.

It seems difficult to me for you to say anything on this subject at this time, but I told Mr. Rusk that I would pass on his request to you.

Yours sincerely,

H.H. WRONG

57.

L.B.P./Vol. 17

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

PERSONAL AND CONFIDENTIAL

Ottawa, December 29, 1949

Dear Hume:

I have read with much interest your confidential letter of December 22nd on your talk with Dean Rusk about a successor to Trygve Lie.

My own feeling, as I indicated over the telephone this morning, is that Lie will have to be persuaded to continue and I do not expect that there will be very much difficulty in this. I think that by announcing his decision to retire he is to some extent strengthening his own position in respect of a further term of office. In other words, he is putting the Security Council in the position of having to go to him which will make it easier for him to lay down certain conditions as the price for carrying on. I don't blame him in this at all as I think I would do the same thing if I were in his place. He will obviously be in a much stronger position in the future if the Security Council unanimously requests him to stand for a further term. My own view is that the impossibility of agreement on an adequate successor makes it essential that he should remain, but I think that there is much to be said for him remaining on a year-to-year basis.

It seems quite clear that any person of the calibre of Spaak who is put up the western powers would be vetoed by the Soviet Union, and that in default of Lie, agreement could only be achieved on a colourless and relatively ineffective candidate. Certainly the western powers could not accept any Russian nominee and the Russians would be in the same position in regard to western nominee. Lie would undoubtedly be preferable to almost anyone on whom agreement could be reached. It might be, of course, that somebody like Dr. Nervo of Mexico could be "sold" to the members of the Security Council, but he would not, I think, be as good a Secretary General as Lie who, as you said this morning, has not been a failure.

So far as I am concerned, if I were asked by the Security Council to stand, I would do so, but only on the condition that Russian agreement had been secured beforehand. That makes the question of my candidature a purely academic one because no such agreement, I am sure, would be forthcoming. What I would not do would be to agree to be put forward as an Anglo-American candidate and be vetoed by the Russians. Personally, however, if the occasion ever arose I would be willing to give up my political career in Canada for the job of Secretary General of the United Nations. At the same time, as I have stated above, I would not agree that my name should be brought forward publicly until the British and the Americans had discussed the matter with the Russians. That should make any choice on my part unnecessary.

I mentioned to you this morning that Dr. Evatt will undoubtedly be a candidate. It would be most unfortunate if he had to be vetoed and, therefore, steps should be taken, if and when his candidature becomes apparent, to let him know that he has no chance of success. The only people who could do this would be the Americans. Dr. Evatt is one danger; the other would be the determination of the Latin Americans to elect someone from their ranks and for the purpose to produce a candidate who would not be objected to by anybody, but who would have only this negative quality to commend him.

I have no objection to your passing on these views to Dean Rusk if you so desire.

Yours sincerely,

[L.B. PEARSON]

SECTION D

NOUVEAUX MEMBRES
NEW MEMBERS

SUBDIVISION I/SUBSECTION I

POLITIQUE GÉNÉRALE
GENERAL POLICY

58.

DEA/5475-CR-40

Instructions à la délégation permanente aux Nations Unies
Instructions to Permanent Delegation to United Nations

[Ottawa, September 15, 1949]

ADMISSION OF NEW MEMBERS

*I. Historical Background**Constitutional Provisions Governing Admission of New Members*

1. Article 4 of the Charter contains the following provisions:

“(1) Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present Charter and in the judgment of the Organization, are able and willing to carry out these obligations.

“(2) The admission of any such state to membership in the United Nations will be effected by a decision of the General Assembly upon the recommendation of the Security Council.”

2. There are two constitutional points relevant to these provisions. The first is that the admission of new members is considered to be a substantive rather than a procedural matter, and is therefore subject to the veto in the Security Council. The second point is that, by Article 18 (2) of the Charter, the General Assembly's decision to admit an applicant state must be made by a two-thirds majority of the Members present and voting. To gain admittance to the U.N., therefore, a state must receive at least seven affirmative votes in the Security Council, and no negative vote from a Permanent Member; and must also receive, in the General Assembly, the affirmative vote of two-thirds of the Members present and voting. Since the United Nations began to consider applications from states which were not original Members, only eight countries (Afghanistan, Iceland, Siam, Sweden, Pakistan, Yemen, Burma and Israel) have succeeded in meeting the above requirements. Of these, the first four were admitted in 1946, Pakistan and Yemen in 1947, Burma in 1948 and Israel in 1949.

General

3. When the General Assembly resumes consideration of this item, it will be faced with the conventional East-West impasse. At the present time there are four-

teen states whose applications for membership are outstanding: Albania, Mongolian People's Republic, the Hashemite Kingdom of Jordan, Ireland, Portugal, Hungary, Italy, Austria, Roumania, Bulgaria, Finland, Ceylon, Korea and Nepal. Attached as Appendix A† is a condensed record of the consideration given, to September 15, 1949, by the Security Council and the General Assembly to the fourteen applications, in the order in which they were submitted.

4. These fourteen cases can be conveniently grouped into those which have the support of the U.S.S.R. (Albania, Mongolian People's Republic, Hungary, Bulgaria and Roumania) and those which are favoured by the Western nations (the remainder of the above list). The significant point of difference between these two groups of applicants is that the Soviet-sponsored group has never gained a majority in the Committee on the Admission of New Members, nor seven affirmative votes in the Security Council; while the nine states supported by the Western Powers have all been approved by large majorities in the membership committee and have failed to pass the Security Council only because of the Soviet veto. The General Assembly, at its first, second and third sessions, has made clear its disapproval of the Soviet Union's repeated use of the veto to prevent the admission of new members, and has consistently deplored the Soviet practice of attaching conditions to its vote on new members (e.g. the statement of the representative of the U.S.S.R. in August 1947 and April 1948 that the Soviet Union vote for the admission of Italy on condition that Bulgaria, Hungary, Roumania and Finland were admitted).

5. In an attempt to put an end to Soviet obstructionist tactics, the second session of the Assembly in 1947 adopted a resolution sponsored by the Belgian Delegation, requesting the International Court of Justice to give an Advisory Opinion on whether the Members of the United Nations might attach conditions, other than those contained in Article 4, to their affirmative vote for any membership application. On May 25, 1948, the International Court submitted its Advisory Opinion that considerations other than those stated in Article 4 were extraneous and irrelevant to the question of membership. A Commentary on the International Court's majority and minority findings is attached as Appendix B.†

The Question of New Admissions, September 1, 1948–September 1, 1949

6. During the past year, there has been no fundamental change in the positions of the Soviet and non-Soviet worlds on the question of new admissions. At the first part of its third session in September 1948, the General Assembly gave a clear expression of its wishes in a series of eight resolutions (197(III)A to H), and in a separate resolution on Ceylon's application.

7. These resolutions called upon the members of the Assembly and the Security Council to act in accordance with the Advisory Opinion of the International Court; asked the Security Council to reconsider applications which, though they had been examined, had not been recommended to the Assembly, and made specific and sympathetic reference to the applications of Portugal, the Hashemite Kingdom of Jordan, Italy, Finland, Ireland and Austria.

8. The application of Ceylon, having been submitted in May 1948, and vetoed on August 18, was given separate consideration by the Assembly which adopted a resolution on December 8, favouring Ceylon's admission and requesting the Security

Council to reconsider the case at the earliest possible moment. On December 15, the Council re-examined the case of Ceylon, but again the Soviet Union's veto prevented a favourable recommendation being sent to the Assembly. Two days later, Israel's application, which had been submitted on November 29, was taken up by the Council, but failed to receive the necessary seven affirmative votes.

9. Thus, by the end of 1948 the number of outstanding applicants for admission had risen to thirteen. Of these, the General Assembly had specifically asked the Council to re-examine each of the cases supported by the majority; the five Soviet satellite applicants had renewed their applications in the last four months of 1948; and both Ceylon and Israel were certain to press for reconsideration of their cases. Finally Korea, on January 19, 1949, and Nepal, on February 13, submitted their applications, bringing to a total of fifteen the outstanding cases which the Security Council was required to examine.

10. During 1949, the Security Council has dealt individually with the applications of Israel, Korea and Nepal. Israel was recommended for membership on March 4, and formally admitted during the second part of the third regular session of the Assembly on May 11. The applications of both Korea and Nepal, however, were vetoed by the USSR, the former on April 8 and the latter on September 7.

11. The remaining twelve cases, including that of Ceylon, were considered together at a series of Council meetings between June and September 1949. On June 16, the representative of Argentina put forward seven resolutions which called upon the Council to recommend for admission Portugal, the Hashemite Kingdom of Jordan, Finland, Ireland, Italy, Austria and Ceylon. When the Council met again on June 21, the Soviet representative countered this by proposing a more comprehensive resolution which, if adopted, would have had the effect of admitting all twelve applicants en bloc.

12. This was the first time that the Council had had to deal with a specific proposal for a comprehensive "horse-trade" of outstanding applications. Although the majority of the Council spoke against the Soviet proposal as a manoeuvre which lumped all candidates together regardless of whether or not they fulfilled the conditions of Article 4, and which ignored the opinion of the International Court, no member of the Council has appeared anxious to press for a vote on the Soviet draft resolution or on a U.S. procedural motion that a separate vote be taken on each of the twelve applications. Meanwhile the Soviet Union is seeking to gain as much public credit as there is available as a result of its horse-trading offer; and the Western nations have not desired to bring the matter to a vote, no doubt partly because they suspect that some of the friendly applicant states might deplore the loss of this opportunity for admission. On September 13, 1949, after a lengthy procedural wrangle the seven Argentinean resolutions mentioned in paragraph 11 above, were put to the vote. In each of the seven cases, the vote was 9 in favour with 2 against, the Soviet veto once more preventing a favourable recommendation being forwarded to the Assembly. On September 15, the Council adopted, by 8 votes to 3, the U.S. procedural motion calling for a separate vote on each application. On the same day, after further protracted procedural exchanges, the Council voted separately on the applications of Albania, the Mongolian People's Republic, Bulgaria,

Roumania and Hungary, all of which failed to receive 7 affirmative votes. The remaining eight applications, which had been put to the vote on September 13, were not voted on again as it was obvious that the positions of Council Members had not changed. Subsequently, the Soviet proposal for the en bloc admission of all applicant States was defeated. The vote was 2 in favour (Ukraine and U.S.S.R.), 4 against (France, Norway, U.K. and Canada), and 4 abstentions (Egypt, China, Cuba and U.S.). One member of the Council, the representative of Argentina, did not participate in the vote.

II. *Previous Canadian Attitude*

13. Broadly, the Canadian Delegation has been associated with the majority in insisting that the admission of new members should be governed in insisting that the admission of new members should be governed by the clear provisions of Article 4 of the Charter, and that other considerations were irrelevant and should not be allowed to apply. Canadian representatives have constantly emphasized the importance which they attach to this principle. At the 1947 Assembly, the Canadian position with regard to the veto on new admissions was specifically stated. Commenting on a suggestion that certain of the applications previously rejected by the Security Council should be sent back by the Assembly to the Council for further consideration, the Canadian representative said that such re-consideration would be futile unless the permanent members of the Council would give an assurance not to exercise their veto power on applications for membership. In the Committee debate, the U.S., U.K., China and France offered to waive their right of veto in this respect but the Soviet representative refused to do so on behalf of his Government.

14. Canada entered more fully into the discussions on new admissions after January 1, 1948, when its representative took his seat for the first time on the Security Council. In the debates which were held in the Council during April, the Canadian representative was instructed to vote in favour of the admission of Burma (which was admitted on April 19, 1948), Italy, Transjordan, Ireland and Portugal. He was instructed to oppose Roumania, Hungary, Bulgaria, Albania and the Mongolian People's Republic; to oppose Finland unless in private consultations with representatives of the U.K. and the U.S. it became apparent that there were good reasons for doing otherwise; and to oppose Austria until such time as the withdrawal of occupation troops was complete, unless, after consultation with the U.S. and the U.K., there appeared to be compelling reasons for voting in Austria's favour. During the discussions on these applications, the Canadian representative spoke in favour of Burma and Italy but, in view of the Council's decision not to take a vote on the other applications, he was not required to outline the Canadian position with regard to them. Canada supported Ceylon's application August 18 when it was rejected owing to the opposition of the U.S.S.R.

15. At the third session of the General Assembly, the Canadian representative again laid stress on the qualifications for admission set out in Article 4 of the Charter, and criticized the efforts of "certain members" of the United Nations who had attempted to introduce irrelevant criteria for membership. In particular, the representative of Canada referred to the question of whether or not an applicant had been

a belligerent in World War II, or had diplomatic relations with other members of the United Nations. Both these considerations had been cited by the U.S.S.R. as reasons affecting the eligibility of certain applicants for membership, and neither consideration was relevant. In addition, Canada spoke strongly in favour of the Advisory Opinion handed down by the International Court of Justice in May 1948, which is quoted in Appendix B, and deplored the kind of horse-trading in membership which the U.S.S.R. had proposed in the 1947 Assembly and more recently in the Security Council.

16. On December 15, at the request of the General Assembly, the Security Council reconsidered Ceylon's application. Although nine members, including Canada, voted in favour, Ceylon's application was for the second time vetoed by the U.S.S.R. When, two days later, the Council considered Israel's application, Canada was among the five nations which abstained in the voting. The Canadian representative, explaining this abstention, stated that while we did not wish to defer indefinitely consideration of Israel's application, we desired an opportunity to give the question more careful examination than it had been possible to give it in the short time since the application was received on November 29.

17. The Canadian position on the broad question of new admissions has not substantially changed during 1949. We supported Israel in the Council both on March 4 and in the second part of the third session of the Assembly. The Canadian representative on the Security Council now has instructions to support all but five (Albania, Bulgaria, Roumania, Hungary and the Mongolian People's Republic) of the fourteen outstanding applications. When in June, the U.S.S.R. proposed the en bloc admission of twelve applicant states (Nepal's case was still in the committee stage) the Canadian representative was authorized to oppose the renewed attempt at a constitutionally unjustifiable deal. When, on September 13, the Council voted on the seven resolutions proposed by Argentina (paragraph 11 above), Canada voted in favour in each case, although owing to the Soviet veto all seven were rejected. On September 15, when the Council again rejected the five Soviet satellites, Canada voted against in each instance and also opposed the Soviet proposal for the en bloc admission of outstanding applications.

III. *Policy Recommendations*

18. The Canadian attitude on the fourteen pending applications has been adequately outlined above. In any consideration of the five Soviet-sponsored applications, the Canadian representative might explain his adverse vote by stating that the Canadian Government was not yet satisfied that the Governments of these states could carry out the obligations which the Charter would place upon them. With particular reference to Bulgaria, Hungary and Roumania, he could add that Canada did not consider it appropriate that these states should be admitted to membership while they stood charged with violating their Peace Treaty agreements. As for Bulgaria and Albania, their refusal to co-operate in any way with the United Nations Special Commission on the Balkans was no assurance that they would be good members of the United Nations. The Mongolian People's Republic is not considered in any sense an independent state with control over its own policy.

19. The Canadian position on individual applications, then, is clear. But there are issues of a more general character with which this Assembly may be called upon to deal. The first of these will arise out of the Report of the Security Council. This Report includes references to the Soviet proposal, made on June 21, 1949, and rejected on September 15, that the Council should recommend to the Assembly the admission to membership of twelve outstanding applicants en bloc. (It will be recalled that Nepal's application was still in Committee stage on June 21, and therefore was not mentioned in the Soviet proposal. However, it has since been included.) The Canadian position, based as it is on Article 4 of the Charter and the Advisory Opinion of the International Court, is clearly opposed to this suggested bargain.

20. It is possible that the delegation of Argentina, which has constantly opposed the use of the veto with respect to new admissions, may propose that the Assembly ask the International Court for an Advisory Opinion on the meaning of the word "recommendation" in Article 4(2). The object of such a move would be to secure a ruling from the Court to the effect that the last word on an application for membership would be with the Assembly, and not the Security Council; and thereby to deprive the permanent members of their veto on new admissions. In other words, the proposal would attempt to have it juridically accepted that the "recommendation" of the Security Council was of a purely formal nature. A reference to the Court of this nature may seem to be harmless, but it should be borne in mind that a decision of the Court would probably confirm the present interpretation of the Charter on this point and thereby make it all the more difficult in the future to remove the veto on the admission of members, by custom or convention. The Canadian Delegation should consult with the U.S. and the U.K. and other responsible delegations if this proposal is put forward, and should do everything possible to ensure that the major Western powers act in concert.

21. Although no mention is made of them on the Agenda, there are two other points which may be taken up in the discussion on admissions. The first of these arises from the note on "Universality of Membership" in the Introduction to the Secretary-General's Report for the period July 1, 1948-June 30, 1949. In spite of the frequently repeated arguments expressed by the Secretary-General in favour of the admission of all sovereign states, the present would not appear to be an appropriate time to initiate discussion along these lines in the Assembly. There are two principal objections to striking a bargain at the moment, even if we were so disposed. In the first place the delegation could not contemplate the admission of Hungary, Roumania and Bulgaria until the charges of treaty violation have been disposed of. In the second place, the Soviet bloc would gain more proportionately by adding five votes to their present six than the Western powers would gain by adding eight votes, none of which is certain always to be on their side. The U.S. and U.K. are expected to oppose any serious effort to raise this question, and it would seem advisable for the Canadian Delegation to adopt a similar attitude.

22. The second point which may be raised concerns the question of "Associate Memberships" of the Assembly. There has been some informal discussion of the possibility that the Assembly might choose to exercise its independence in this way. It is possible that, if there is no other way through the existing impasse, some

delegation might suggest that the Assembly should, by a two-thirds majority, allow applicant states which had received seven affirmative votes in the Security Council but whose application had been vetoed in the Council, a voice in the General Assembly. The question of qualified membership raises the problem of how far the Assembly could go within the terms of the Charter, in giving privileges of association to non-member states. However, if some or all of the Western candidates would accept non-voting participation in the work of the Assembly, the Canadian delegation could support responsible proposals along these lines.

SUBDIVISION II/SUBSECTION II

ISRAËL

ISRAEL

59.

DEA/47-B(s)

Note de la direction d'Europe
Memorandum by European Division

SECRET

[Ottawa], February 10, 1949

ADMISSION OF ISRAËL TO THE UNITED NATIONS

Israel is likely to submit to the Security Council in March a fresh application for membership in the United Nations.

During his visit to Ottawa on February 7 Dr. Eliahu Epstein, special representative of Israel in the United States, raised the question of Canada's support for the renewed membership application. It was drawn to his attention that Canada would find it easier to support the application if Israel were to cooperate fully with the United Nations. In recent months Israeli offensives have taken place in Palestine in violation of the truce. Israel has been insisting at Rhodes that it should be allowed to retain territory won by truce violations. It apparently hopes to incorporate Jerusalem into the Jewish state. (This was confirmed by Dr. Epstein.) Jewish immigrants are being settled on the property of Arab refugees for whose repatriation the General Assembly's resolution of December 11, 1948 provided. Dr. Epstein's comment on these developments was that nothing which Israel was now doing would prejudice the final peace settlement.

Dr. Epstein seemed to be under the impression that Canada's recent recognition of Israel would imply automatic support for the renewed application for membership in the United Nations. It was made clear to him, however, that criteria for admission to the United Nations go beyond the essential conditions of statehood and that Israel's ability and willingness to carry out obligations under the Charter will have to be taken into consideration before Canada can support the application.

The Secretary of State for External Affairs assured Dr. Epstein before he left that unless Israel took some action which would make it impossible for Canada to recognize Israel as a "peace-loving state" he would recommend to the Government that Canada should support the membership application when it next comes before

the Security Council. We would also accept an Israeli consul in Montreal, in view of the desirability of fostering trade and commercial activities between Canada and Israel, it being understood that the arrangement would not constitute *de jure* recognition of Israel.

60.

DEA/47-B(s)

*Pièce jointe à la note du secrétaire d'État aux Affaires extérieures**Annex to Memorandum to Secretary of State for External Affairs*

SECRET

[Ottawa], March 2, 1949

ANNEX A
PALESTINE

On February 24 Israel asked the Security Council to give renewed consideration to its application for membership in the United Nations so that the General Assembly might take a decision on the matter in April.

When Israel's first membership application was considered on December 17, six members of the Security Council, including Canada, voted for a French motion to postpone action for a month. The situation at that time was far from clear. Only six days had elapsed since the General Assembly had adopted its main resolution providing for the creation of a Conciliation Commission to assist the Arabs and Jews to achieve a final settlement of all questions outstanding between them and to arrange for the internationalization of Jerusalem and to supervise the repatriation of refugees. In our view Israel's qualifications for membership could be judged only in relation to the Assembly resolution and it was too soon to judge whether the Conciliation Commission, when actually established, would command the cooperation of the Jewish state. Thus when Israel's membership application was actually put in the Security Council, the states which were not ready to vote were obliged to abstain, with the result that the application was rejected by a vote of 5 for, 1 against and 5 abstentions (Belgium, Canada, China, France and the United Kingdom).

Today the situation is much clearer. The Conciliation Commission has been active since the beginning of February. It has visited the capitals of the Arab states and the Provisional Government of Israel and is now at work on its first report to the Security Council on the refugee problem. A trend toward peaceful settlement appears to have set in. Renewed hostilities broke out in southern Palestine a few days after Israel's membership application was rejected in December, but an armistice agreement between Israel and Egypt was concluded on February 24 with the aid of the United Nations Acting Mediator, Dr. Ralph Bunche, to whose tact and patience this first successful step toward an agreed settlement in Palestine is due. Israel is now in process of negotiating an armistice agreement with Transjordan under Dr. Bunche's continued chairmanship at Rhodes and with Lebanon, also with the aid of U.N. personnel, between Lebanon and Israel. Iraq has undertaken to be bound by these arrangements when they are completed. Thus the process of establishing more stable conditions in the Middle East has already begun and it is felt that action by the Security Council now, in the form of a recommendation to the

General Assembly to approve Israel's application, would be likely to confirm the trend toward a peaceful settlement, while failure to make such a recommendation might conceivably reverse the trend.

It seems likely that still more rapid progress toward peaceful settlement might be made if the outstanding application of Transjordan for admission to the United Nations were to be approved at the same time as the application of Israel. The question of whether this can be done has been under private discussion during the past few days. We still have no indication, however, that the Soviet Union is yet ready to withdraw its veto in the case of Transjordan's application, since Transjordan continues to be regarded as the spearhead of British defence against a possible Communist advance in the Middle East.

The Security Council is to consider Israel's application during its Thursday session. The Canadian representative has therefore been instructed to vote in favour of the application if before the matter is actually considered no action is taken by Israeli leaders which would make it impossible for Canada to recognize Israel as a peace-loving state able and willing to carry out its obligations under the Charter.⁶

61.

DEA/5475-CR-2-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 494

New York, April 22, 1949

CONFIDENTIAL

Application of Israel for membership.

1. Before leaving New York, Mr. Pearson expressed the desire that the delegation keep him informed on developments in connection with the application of Israel for membership, which has been included in the agenda of the present session of the General Assembly and has been referred by a decision of the Assembly in plenary meeting for consideration in the Political and Security Committee. Since the Minister's departure, the following three important developments have taken place:

(a) The receipt of the second progress report of the United Nations Conciliation Commission for Palestine dealing with the questions of refugees, Jerusalem, and progress in conciliation;

(b) The issue of the Papal Encyclical on Jerusalem; and

(c) The development of a strong opinion in the General Assembly in favour of a more complete examination of the application in committee.

2. As regards (a), the report of the Conciliation Commission on the refugee question indicates that the Commission recognizes the contention of the Arab delega-

⁶ Le Cabinet décida d'appuyer la demande de membership par l'État d'Israël, le 2 mars 1949.
Cabinet decided to support the application for membership by the State of Israel on March 2, 1949.

tions of the necessity, both for humanitarian and political reasons, of giving absolute priority to the refugee question and of Israel accepting the principle of the return to their homes of the refugees wishing to do so; the acceptance of this principle to be subject only to conditions arising out of practical considerations such as the alternatives which may be offered the refugees if they do not go back and their appreciation of the conditions under which they would have to return to Israel.

3. On the question of Jerusalem, the Conciliation Commission has been endeavouring to formulate proposals in conformity with the Assembly Resolution of 11th December for a permanent international regime for the Jerusalem area which will provide for maximum local autonomy for distinctive groups consistent with the special international status of the Jerusalem area. In these talks, the Commission reports that the Government of Israel has indicated (a) that it recognizes that the Commission itself is bound by the Assembly Resolution of 11th December, 1948; (b) that when the Government of Israel itself is in a position to do so on an equal footing with the Arab States (i.e., after admission to the United Nations), it intends to request the General Assembly to revise part of that Resolution concerning Jerusalem; and (c) that while Israel accepts without reservation an international regime for or international control of the Holy places in Jerusalem, in the words of Ben Gurion "for historical, political and religious reasons, the State of Israel could not accept the establishment of an international regime in the city of Jerusalem".

4. On the question of conciliation and rapprochement between the two parties, the Commission reports that it has only been able to do preparatory work in separate conversations with both parties and that its objective at this stage is to continue "exchanges of views between the two parties and the Commission in circumstances which would permit of the achievement of concrete and positive results". The Commission reports that it has obtained the agreement of the Arab delegations not to consider the study and solution of the refugee question as a prerequisite to the opening of discussions on other questions. They still maintain their view, however, that the refugee problem must be considered as the most pressing.

5. As regards (b), in the Encyclical letter on Palestine released 15th April, the Pope repeated his exhortation contained in the previous Encyclical letter entitled "In Multeciplicibus" that Jerusalem and its environs containing the Holy places should be given a status under international law designed and effective to protect sacred relics. The letter contained the following specific exhortations:

"We are impelled also to urge our children wherever they may live to work for this just cause to the end that their Governments, which are competent to act in a matter of such consequence, may be persuaded that Jerusalem and its surroundings should be given a juridical status, the security of which under existing conditions should be insured with the support and co-operation of all peace-loving nations respectful of one another's laws.

But beyond this it assuredly is necessary to guarantee the invulnerability and security of all those Holy places which are in other cities and towns of the region besides those situated in Jerusalem." As reported in our telegram No. 466 of 19th April,† the Encyclical, from preliminary inquiries here, may be expected to have some influence on a number of States, and, in particular, upon Latin American

delegations. They may insist all the more upon some satisfactory assurance from the Israeli representatives regarding their attitude to paragraph 8 of the Assembly Resolution of 11th December concerning the special international status of Jerusalem and the Holy places before voting in favour of Israel's application.

6. As regards (c), I have nothing at present to add to the information also contained in teletype No. 466 of 19th April which indicates that there is a substantial opinion among delegations that the Assembly would not be justified, in view of the present controversy surrounding Israel's application, to take merely formal action at this time by accepting the favourable recommendation of the Security Council. The Arab delegations are, of course, endeavouring to postpone consideration of the application until the fourth regular session. The Scandinavian delegations have also raised the question of the apparent failure of the Israeli Government to take effective action to find and punish the late Mediator's assassin. Unless satisfactory assurances are received from the Israeli representatives when the application comes up for consideration in Committee on these points, it is possible that there may be increased support for a proposal to postpone taking a decision at this session on the application of Israel.

7. Before the Minister's departure he left the delegation the following instructions:

(a) To support the General Committee's recommendation that the application be considered in plenary meeting without prior reference to Committee, if this were put to the vote first.

(b) If the General Committee's recommendation were accepted by the Assembly and the application considered in plenary meeting, Canadian delegation was to vote in favour of application, and, should a favourable decision be taken by the General Assembly, to associate the Canadian delegation with any expressions of welcome which may be made in the General Assembly to the new member.

(c) To abstain on a motion to refer the application to Committee. This motion was actually put first and the Canadian delegation therefore abstained in the vote at the plenary meeting on 14th April.

(d) To oppose a motion to defer decision on the application until the fourth regular session.

8. I have thought that the developments reported in this message are of sufficient importance to draw them to your attention in case you should wish to consult Mr. Pearson in London. There is still no definite information as to when the application will be considered in Committee. The item was referred to Committee one and is preceded on the agenda by the following items: Franco Spain, the treatment of Indians in South Africa, and Indonesia. We have been informed privately by the United States delegation that they are not prepared to press for priority being given to consideration of the application. On the other hand, it may happen that as soon as the Ad Hoc Political Committee disposes of the item on religious persecutions some items of business of Committee 1 may be transferred to the Ad Hoc Political Committee, in which case the application might come up for consideration within the next week or two.

62.

DEA/5475-CR-2-40

*Pièce jointe à la note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Annex to Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa, May 7, 1949]

ANNEX B

APPLICATION OF ISRAEL FOR MEMBERSHIP IN THE UNITED NATIONS

In the plenary meeting of the General Assembly on May 2 the question of Israel's application for membership was transferred from the First Committee to the Ad Hoc Political Committee. No decision has yet been taken but a succession of resolutions have been placed before the Committee since the debate began.

The Moslem states, led by Pakistan, questioned the validity of the Security Council's favourable decision on the application on the ground that, when the vote was taken, one of the Permanent Members (the United Kingdom) abstained. On a strict interpretation of Article 27 of the Charter, the Moslems had a good case, since paragraph 3 of the Article states that decisions of the Security Council in substantive matters "shall be made by an affirmative vote of seven members including the concurring votes of the permanent members". The Canadian Delegation was instructed to oppose this resolution since we have welcomed the growth of the convention that an abstention in the Security Council does not constitute a veto, as a valuable step towards a more liberal interpretation of the Article. The Moslem states, however, are not pressing the issue.

On May 3, the Arab state of Lebanon tabled a resolution asking the Committee to postpone action on Israel's application pending satisfactory assurances from Israel on the questions of Arab refugees and the internationalization of Jerusalem. The Lebanese plan proposed that the Conciliation Commission for Palestine should be asked to conduct negotiations with Israel along these lines and report to the fourth regular session of the Assembly.

The other resolutions submitted in the Committee have been concerned with the issuing of invitations to representatives of Israel and of religious bodies to state their views, in particular on the status of Jerusalem. The Canadian Delegation has been instructed to oppose resolutions inviting statements from representatives of religious bodies on the ground that it would be more appropriate for these opinions to be made known at the meetings of the Conciliation Commission now taking place in Lausanne.

On May 6, Canada joined with the United States, Australia and four Latin American countries in formally proposing in the Ad Hoc Political Committee that Israel be admitted to the United Nations.⁷

63.

DEA/10514-40

*Pièce jointe à la note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Annex to Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], May 16, 1949

ANNEX B

ISRAEL'S MEMBERSHIP APPLICATION

On May 11 the General Assembly adopted a resolution sponsored jointly by Canada, Australia, the United States and four Latin American states to admit Israel to membership in the United Nations as a peace-loving state able and willing to carry out its obligations under the Charter. The vote was 37 to 12 with 9 abstentions.

Latin American states had discussed the possibility of delaying support for the resolution until the internationalization of Jerusalem was assured. They abandoned this move, however, in view of a declaration by the Israeli representative that an international regime for the protection of holy places would be accepted. Consequently in the plenary session only two Latin American members abstained from voting. Sweden and Denmark both abstained, although the Israeli representative expressed to the Committee his Government's concern over its failure to apprehend the assassins of the United Nations Mediator in Jerusalem and stated that the case was not considered closed. The United Kingdom and Belgium also abstained, and are likely to withhold *de jure* recognition of Israel until the boundaries of the state are established. China was the only Asian state which voted in favour of Israel's admission to the United Nations.

The Canadian representative in supporting Israel's application drew attention to the importance of the work now being done by the United Nations Conciliation Commission in Lausanne. He thought the Assembly should avoid debate on the subjects with which the Conciliation Commission is dealing—namely, final boundary adjustments, Arab refugees and the future of Jerusalem. The Assembly should be careful not to disturb the course of the negotiations. The Canadian delegation expected that decisions on these points would be reached within the meaning of

⁷ Pearson avait envoyé un cablogramme à Heeney, de Londres, le 27 avril 1949, à l'effet que:

Pearson had cabled Heeney from London on April 27, 1949 that:

there should be no objection to inclusion of Canada among the sponsors of a resolution to admit Israel to membership, if that list includes a number of respectable states including United States and Australia.

(No. 882, † DEA/5475-CR-2-40).

Assembly and Security Council resolutions and the principles and purposes of the Charter.

In view of the Assembly's decision in favour of Israel's admission the government in Tel Aviv has been notified through the Israeli Ambassador at Washington that Canada will recognize the appointment of an Israeli Consul General whose office is to be in Montreal.

SUBDIVISION III/SUBSECTION III

CORÉE
KOREA

64.

DEA/5475-CR-4-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

DESPATCH 89

New York, February 9, 1949

SECRET

Sir,

I refer to your telegram No. 139 of February 2, concerning the Korean application for admission to membership in the United Nations.

2. I should be glad if you would have preliminary discussions with the United Kingdom, United States, and such other delegations as you think appropriate in order to ascertain the attitude they are likely to take in this matter; in making its decision the Government will probably wish to have this knowledge.

3. In your discussions you may make use of the following considerations which, at the official level, are thought to be relevant:

(1) On December 12, 1948 the United Nations General Assembly gave full recognition to the Government of the Republic of Korea (Document A/788).† Elections in Korea were observed and approved by the United Nations Temporary Commission on Korea.

(2) *De jure* recognition of Korean Republic is now under consideration by Canada and has already been given by the United Kingdom and the United States. If this recognition is given, it would be difficult for Canada not to support the Korean application for United Nations membership.

(3) Using the yardstick of Article 4 of the Charter, the Republic of Korea has a good *prima facie* case which would entitle it to acceptance: (a) The United Nations resolution of December 12 recognized the Republic as a state; (b) there should be no objection to supporting the claim of Korea to be a peace-loving state; (c) regarding the Republic's ability and willingness to accept and to carry out Charter obliga-

tions, it would seem that the Republic is at least as able to take an independent line and to administer its own territories as, for instance, Yemen, Siam, Ceylon, Transjordan, and other states whose applications for United Nations membership have been supported or favourably considered by Canada.

(4) Since Korea was under Japanese occupation prior to and during the last war, the question of its war record should not be very important. From this point of view, the Republic's application for membership should be looked at as was Austria's, which we were prepared to support.

(5) A preliminary estimate of the probable position to be taken towards this application would indicate that, among the major powers, the United States and the United Kingdom and China are likely to take the view that it would be desirable to support the application. The vote on the December 12 resolution gives evidence that the Soviet Union will veto the application and that the Soviet satellites will follow their lead in voting against. Despite the likelihood of this veto, it would be desirable to have the Canadian position placed on record.

I have, etc.

J.W. HOLMES

for Secretary of State for External Affairs

65.

DEA/5475-CR-4-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 164

New York, February 11, 1949

SECRET

Reference your despatch No. 89, 9th February, application of Korea for membership in the United Nations, Begins:

1. Korea's application for membership is one of the items on the Council's agenda for its meeting at 3 p.m. on Tuesday, 15th February. In accordance with your despatch No. 89, we have discussed this matter with the United Kingdom and United States delegations and they have both stated that their Governments intend to support the application.

2. At the Council meeting on 15th February the only point under discussion should be the reference of the application of the Republic of Korea (see my teletype No. 140)† to the Committee on the Admission of New Members. This would normally be a routine matter but it is possible that a procedural discussion will develop, in view of the application of the "Democratic People's Republic of Korea" which was received by the Secretary General in a telegram dated 9th February (see my teletype No. 161).† You will note that this telegram from the "Democratic People's Republic of Korea" was not, (repeat not), distributed by the Secretary General as an official application for admission to membership, but was

only distributed "for the convenience of the members of the Security Council which may desire to be informed of it." It should also be noted that the second operative paragraph of the General Assembly resolution of 12th December 1948 states that the Government of the Republic of Korea is a lawful Government and that it is "the only such Government in Korea." In view of this paragraph, it does not seem that an application by the "Democratic People's Republic of Korea" should be considered either by the Council or by the Committee on the Admission of New Members.

3. However, there seems no doubt that this latter application will be raised by Malik at the Council meeting on Tuesday. The United Kingdom and United States delegations have not yet decided whether the best course to follow in this matter would be,

(a) To allow the application of the "Democratic People's Republic" to be referred to the Committee on new members and to report back an adverse recommendation from that Committee to the Council, or

(b) To take the position that such an application should not be considered either by the Council or by the Committee in view of the Assembly resolution of 12th December.

4. In so far as the application of the Republic of Korea is concerned, the present indication is that it would secure the necessary seven votes (including China and France) but that it will be almost certainly vetoed by the Soviet Union. Despite the apparent certainty of the application being vetoed however, the United States, in particular, attaches some importance to having as many non-Communist States as possible go on record in support of the application both in the Committee and in the Council. In discussing this matter with the United States delegation on the official level, I gave them informally the preliminary Canadian view as expressed in paragraph 3 of your despatch No. 89. Ends.

66.

DEA/5475-CR-4-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 160

Ottawa, February 14, 1949

SECRET

Reference your teletype No. 164 of February 11, application of Korea for membership in the United Nations.

1. I think that it would be preferable if the Korean application were formally referred to the Committee on Admission of New Members without a previous propaganda exchange in the Council. However, if the United Kingdom or United States felt strongly that it was tactically necessary to engage in a procedural discussion

before the application was submitted to the Membership Committee, we should not object.

2. It would also be advisable if possible to avoid a discussion in the Security Council of the claim to membership advanced by the "Democratic People's Republic of Korea." We assume that a reference of this subject to the Membership Committee would not imply any recognition of the validity of this application. The reference in the Assembly Resolution of December 12 to the "only lawful government" of Korea is a clear-cut justification for our refusal to support the claim of the "Democratic People's Republic."

3. It should be made clear that our concurrence in the plan for referring the original Korean application to the Membership Committee is not to be taken as, in itself, a formal assurance of Canadian support for the application. Nevertheless, when you consider it timely to express the Canadian attitude, you should take the line that, in accordance with the considerations outlined in my despatch No. 89 of February 9, Canada will join with the United States and the United Kingdom in backing the application of the Republic of Korea.

67.

DEA/5475-CR-4-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 174

New York, February 16, 1949

CONFIDENTIAL

Reference your teletype No. 160 of 16th February. Application of Korea for membership.

1. The only decision taken by the Security Council at its meeting at 3 p.m. Tuesday, 15th February, was to vote by nine in favour and two against (Soviet Union and the Ukraine) to refer the application of the Republic of Korea (S/1238) to the Committee on the admission of new members. No decision has yet been taken in regard to the application of the "Democratic People's Republic of Korea" (S/1247)⁸ or regarding the Governorship of the Free Territory of Trieste. Discussion on these two items will continue at the next meeting of the Council at 3 p.m. today, Wednesday 16th February.

2. In regard to the application of the Republic of Korea, Malik made a lengthy statement charging that this Government was a puppet regime set up by the United

⁸ Une résolution à l'effet qu'il fallait soumettre l'application de la République populaire démocratique de Corée au Comité d'admission des nouveaux membres fut défaite au Conseil de sécurité, par 8 voix contre 2, le 16 février 1949.

A resolution to refer the application of the Democratic People's Republic of Korea to the Committee on the admission of new members was defeated in the Security Council by 8 votes to 2 on February 16, 1949.

States military authorities, and that it did not in any sense represent the Korean people. It was not a convincing performance. In the course of this statement Malik made two references to Canada. In regard to the United Nations Temporary Commission on Korea, he stated that "the representative of Canada on the Commission called the intercession of the Interim Committee an unreasonable and unconstitutional act." Later on in his statement, he added that when the Commission had reported back to the Interim Committee and had received "illegal" advice from that body, "the representative of Canada declared that that action of the Interim Committee was improper and illegal." This is presumably a reference to your statement of 26th February, 1948, in the Interim Committee, and to the Canadian vote against the resolution adopted by the Interim Committee on the same date (in regard to the holding of elections in South Korea alone).

3. Austin replied by invoking the General Assembly resolution of 12th December, 1948, particularly paragraph 2 which states that the Government of the Republic of Korea is the only lawful Government in Korea. He added that "as the application itself says, the Republic of Korea was set up as the direct result of the mandate of the General Assembly and its general election was observed and approved by the United Nations Temporary Commission on Korea." This endorsement by the General Assembly was, according to Austin, a complete refutation to the charges made by the Soviet representative.

4. I intervened very briefly to support the President's suggestion that the application of the Republic of Korea should be referred immediately to the Members Committee "where we shall be better able to give it the detailed consideration which it requires, on the basis of which we shall be able to reach appropriate conclusions." I made no comment on Malik's references to Canada, as the Security Council was not discussing the substance of the Korean application, but only the matter of referring it to the Membership Committee.

5. After the Council had decided by nine votes to two to refer the application of the Republic of Korea to the Membership Committee, a confused discussion then developed concerning the application of the "Democratic People's Republic." In a letter of 11th February (S/1256) Malik had asked the President of the Council to put this item on the provisional agenda. Austin then raised what he called a "Parliamentary question" as to whether the Council should consider this application, in view of the Assembly resolution to the effect that there is only one lawful Government in Korea. The President declined to make any ruling on this procedural point, and Malik then made another lengthy statement contending that the "Democratic People's Republic" was the only representative Government in Korea. The Council adjourned after Malik's statement and will continue discussion of this question at 3:00 p.m. today.

6. As the question of the validity of the application of the "Democratic People's Republic of Korea" has now been raised in the Council itself upon the initiative of the United States, and the Council will now have to decide whether or not to consider this application as a valid one to be referred to the Membership Committee, I propose, in the light of the third sentence of your paragraph 2, teletype No. 160 of 14th February, to take the position that, upon the basis of the Assembly resolution

of 12th December, this application is not valid and therefore should not, repeat not, be referred to the Membership Committee.

68.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, February 17, 1949

...

UN; RECOGNITION OF REPUBLIC OF KOREA

13. *The Secretary of State for External Affairs* reported that an application for membership had been brought before the UN Security Council.

Rather than commit herself to formal recognition of Korea, Canada might support Korea's application for admission to the United Nations. In effect, Canadian approval of Korea's application for membership would amount to recognition of the new republic.

(External Affairs memorandum, Feb. 16, 1949†).

14. *The Cabinet*, after discussion, noted with approval the proposal put forward by the Secretary of State for External Affairs and agreed that Canada recognize the Republic of Korea by approval of the Korean application for admission to the United Nations.

69.

DEA/5475-CR-4-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 208

New York, February 24, 1949

SECRET

Korea's application for membership in the United Nations.

1. The Membership Committee of the Security Council met at 10:30 a.m. Thursday, 24th February, to examine the application of the Republic of Korea for membership in the United Nations. I was represented by Ignatieff.

2. The main feature of the discussion was the dialectical arguments repeated by the Soviet and Ukrainian representatives, alleging that the Government of the Republic of Korea was a "Puppet Government", that the elections in South Korea, observed by the "so-called" United Nations Commission, had been false, and asserting that the only legitimate Government in Korea was the Government of the "Democratic People's Republic of Korea" at Pyongyang.

3. The nine other members of the Committee spoke in support of the application of the Republic of Korea, basing themselves on the General Assembly resolution of 12th December. In accordance with your instructions contained in teletype No. 187 of 23rd February,† paragraph 2, Ignatieff spoke in support of the Korean application, making no reference, however, to the question of Canadian recognition. In fact, the statement consisted of the suggested text contained in your teletype No. 188,† with the mere addition of connecting phrases. (The text is contained in my immediately following teletype en clair). As the Soviet representative again made reference to the position taken by the Canadian representative on the United Nations Temporary Commission on Korea, the statement included reference to the Canadian statement in Committee I in Paris, given in your teletype No. 188, paragraph 2.

4. The Soviet representative, at the conclusion of the meeting, tried to make out that the whole discussion had been contrary to the rules of procedure, as the Committee had not formally adopted the agenda, despite the fact that the Soviet representative had objected to the consideration of the application of the Republic of Korea. Although this technical formality is not usually followed in the Membership Committee, the Soviet representative, no doubt, will claim in the Council that the whole discussion in the Membership Committee "violated the normal rules of procedure."

5. When the vote was taken in the Committee, 8 members voted in favour of the application; the Soviet and Ukraine against, and Cuba was absent. (Cuba had previously expressed support for the application.)

6. The next step in the consideration of the Korean application will be when the Committee's report comes before the Council⁹, unless the Soviet delegation asks for a discussion of the Committee's report in the Membership Committee itself, which they gave notice they might do.

⁹ L'Union soviétique opposa son veto à l'application de la Corée, au Conseil de sécurité, le 5 avril. The Soviet Union vetoed Korea's application in the Security Council on April 5.

SECTION E

QUESTIONS À RÉGLER PAR LES NATIONS UNIES
ISSUES BEFORE THE UNITED NATIONS

SUBDIVISION I/SUBSECTION I

INSTRUCTIONS AUX DÉLÉGATIONS
GUIDANCE FOR DELEGATIONS

70.

PCO/Vol. 113

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet**Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa, March 29, 1949]

INSTRUCTIONS TO THE CANADIAN DELEGATION TO THE SECOND PART OF THE
THIRD SESSION OF THE GENERAL ASSEMBLY, APRIL 5, 1949

The Canadian Delegation to the Second Part of the Third Session of the General Assembly will be guided in general by the memorandum approved by Cabinet on September 8, 1948, which outlined the general policy to be followed at the Third Session.¹⁰ The Delegation will also be guided by the necessity of keeping the session as short as possible and by the necessity of curtailing any further expenditures in view of the fact that the proposed expenditure for 1949 is already set at thirty-eight million dollars, which is a substantial increase over the amounts expended in previous years. The most important items on the agenda of the April session are listed below with the Canadian policy recommended in each case.¹¹

(1) *The Spanish Question*

If any move is made to alter the 1946 resolution of the General Assembly concerning Franco Spain, the Canadian Delegation should support any amendment to that resolution which would permit Spain to participate in certain United Nations activities if members of the United Nations derive practical advantage from having Spain committed to membership in those particular agencies. The Delegation should abstain from voting on the question of whether or not Ambassadors and Ministers should be sent to Madrid on the grounds that we have never exchanged diplomatic representation with Spain and that we do not now intend to do so. The Delegation should not support any move to reaffirm all of the 1946 resolution and should oppose any recommendation to the Security Council to take action against the Franco regime. The Delegation should, however, support that part of the 1946 resolution which condemned the Franco regime and called for the establishment in

¹⁰ Volume 14, Documents 88, 89.

¹¹ Approuvée par le Cabinet, le 31 mars 1949.
Approved by Cabinet on March 31, 1949.

Spain of a government deriving its authority from the consent of the governed and committed to respect fundamental freedoms.

(2) *Disposal of Former Italian Colonies*

Canada has stated that it regards the whole matter of Italian colonies as coming under the trusteeship provisions of the United Nations Charter, that the present wishes and long term needs of the inhabitants must constitute the paramount consideration in determining the future of each colony and that, if these colonies are not to become independent or to be willingly incorporated in neighbouring territories, they should be placed under international trusteeship. The Canadian Delegation should support the placing of Italian Somaliland under Italian trusteeship and the placing of Cyrenaica under United Kingdom trusteeship with its western boundary moved to include certain settlements of the Senussi. The Delegation should also support the United States-United Kingdom proposal that Ethiopia be given four Eritrean provinces, with the Moslem provinces reserved for disposal at a later date. It will support this arrangement, however, only on the understanding that appropriate arrangements will be made for the protection of minorities in that portion of Eritrea to be included in Ethiopia. With respect to Tripolitania, the Canadian Delegation will support postponement of a decision on the understanding that the United Kingdom will be relieved from certain Hague Convention restrictions if its administration is to be prolonged. If the decision is not postponed, the Delegation will seek instructions on whatever solution is proposed. A postponement of a decision on the Fezza'n should be supported since it is not yet clear what are the wishes of the inhabitants.

(3) *Freedom of Information*

The General Assembly will consider three draft conventions dealing with the freest possible movement of foreign correspondents and free access to news, an international right of correction of false or distorted reports and a definition of basic freedoms of information. In accordance with the policy of the Canadian Delegation at the United Nations Conference on Freedom of Information, the Delegation to the General Assembly will give general support to these conventions while making reservations on any provisions which might open the way to peacetime censorship of news.

(4) *Measures to Economize the Time of the General Assembly*

The Canadian Delegation should support immediate consideration of this matter by the present Ad Hoc Political Committee. The Delegation should also support proposals which the United States or the United Kingdom may make for the application in future of a rigorous closure system to debates in the Assembly and its Committees. If these two countries will give support, the Canadian Delegation should propose that the April Session itself be limited to five weeks and that the General Committee should put into effect immediately such measures as may be needed to ensure that the Session closes on schedule.

(5) *Admission of Israel to Membership in the United Nations*

The Canadian Delegation will vote for the admission of Israel unless the Canadian Government feels at the time this matter is considered by the General Assem-

bly that the situation in Palestine and the progress of peace talks at Rhodes does not warrant the entry of Israel into the United Nations.

(6) *Religious persecution in Eastern Europe*

The Canadian Delegation should participate in the debate on this matter, by a statement reiterating Canada's abhorrence of this persecution and drawing attention to the protests made in conjunction with the United Kingdom and the United States. The Delegation should support any motion recommending that the matter be referred to the signatories of the Peace Treaties with Hungary, Roumania and Bulgaria for action appropriate under the provisions of the Treaties with a request that action taken be reported to the General Assembly in September. If the Assembly decides not to refer this matter to the signatories of the Peace Treaties, the Canadian Delegation should support any general resolution condemning the actions of these countries or any resolution withdrawing these countries from the list of applicants for membership in the United Nations which the Security Council has been asked to reconsider; it should also in this event support a motion to set up a United Nations commission of enquiry.

(7) *Treatment of Indians in South Africa*

This question has been a major issue at previous sessions of the Assembly. At present the Department of External Affairs is waiting for further information on the attitude the parties to the dispute may adopt at the forthcoming session. When the situation is clarified, it may be necessary to propose some changes in the instructions which were issued before the session in Paris.

L.B. PEARSON

71.

DEA/5475-DG-6-40

Note pour le secrétaire d'État aux Affaires extérieures
Memorandum for Secretary of State for External Affairs

Ottawa, March 29, 1949

INSTRUCTIONS TO CANADIAN DELEGATION, APRIL SESSION GENERAL ASSEMBLY

I am attaching for your consideration a draft memorandum to Cabinet concerning the instructions to be given to the Canadian Delegation to the April Session of the General Assembly on seven major items. If you approve, this memorandum will be placed on the Cabinet agenda Thursday, March 31.

Listed below are other matters on the agenda of the April Session which you may not wish to bring before Cabinet. I would appreciate knowing whether you approve the action to be taken by the Delegation which is suggested in each case.

(1) *Study of methods for the promotion of international Co-operation*

In accordance with previous Canadian approval, expressed both in the Interim Committee and at the Paris session of the Assembly, the Delegation should continue to support the report of the Interim Committee on this subject.¹²

(2) *United Nations Guard*

The Delegation will be guided by Cabinet's instructions on this subject dated October 20, 1948. The Delegation was instructed to support the Secretary-General's proposal provided that not more than one thousand men were to be recruited, that the cost was not to exceed \$5,000 per man, that the Guard was to be a security police and not a combatant force, and that in recruiting men due consideration was to be given both to efficient operation and to equitable geographic distribution. The Chiefs of Staff Committee and the Commissioner of the R.C.M.P. are at present considering certain points about the organization of the Guard which were recently raised by the Department of Finance. If any recommendation for substantial change in our policy is made, new instructions for the Delegation will be sought.¹³

(3) *Problem of voting in the Security Council*¹⁴

The Delegation should maintain in Plenary session the attitude on this question already expressed in the Ad Hoc Political Committee at the Paris session.

(4) *Violation by the U.S.S.R. of fundamental human rights, traditional diplomatic practices, and other principles of the Charter*

The Delegation should maintain its support in Plenary session of the resolution put forward by the Sixth Committee and supported by the Canadian Delegation in that Committee in Paris.

(5) *Sub-commission to study the social problems of the aboriginal populations of the American Continent*

The Delegation should oppose the Bolivian proposal to add another Sub-commission to the Economic and Social Council on the grounds that there are enough sub-commissions, that the work done by these bodies has not been overly encouraging, that expenditure for this item cannot be justified, and that Canada does not think that the work of the proposed sub-commission could be of any great use in connection with the aboriginal problems in Canada.

(6) *Economic and Social Council report, refugees and displaced persons*

There will be considered under this heading a number of items already debated at the Seventh session of the Economic and Social Council along with the reports of certain specialized agencies. The Delegation should be guided by the Canadian attitude as stated in that session of the Economic and Social Council, by the reports of the Canadian Delegations to the various specialized agencies and by our previously expressed support of the work of the International Refugee Organization, and

¹² Note marginale:/Marginal note: OK LB P[earson]

¹³ Note marginale:/Marginal note: OK LB P[earson]

¹⁴ Pearson mit les articles 3-7 entre parenthèses, ajoutant "OK" dans la marge.
Pearson bracketed items 3-7 with the marginal note "OK".

of the principles on which that Organization bases its program for refugees and displaced persons.

(7) *Russian and Chinese as working languages of the General Assembly*

The Delegation should oppose these proposals in accordance with its opposition to the adoption of Spanish as a working language on the grounds that they entail considerable expenditure and that they would complicate and slow down administrative procedures.

72.

DEA/5475-DG-4-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

CONFIDENTIAL

New York, June 1, 1949

Sir,

In the course of the second part of the Third Session of the General Assembly, which commenced on 5 April and concluded on 18 May, the events which occurred have been reported by the delegation from day to day. At the conclusion of the session I have thought it useful to offer comments on some of the more important trends which have been observed by the delegation, and, in particular, those trends which will be of continuing concern to Canada when the Assembly reconvenes for the fourth regular session next fall.

2. The most important political development which took place during the period of the Assembly was the lifting of the Berlin blockade. As a result of a question submitted casually by Jessup, the United States representative, to Malik, the Soviet representative at Lake Success, an exchange of views was started which led to agreement resulting in the lifting of the blockade and a meeting of the Council of Foreign Ministers on the whole question of Germany. This event, for which the Assembly cannot indeed properly claim any credit, illustrated, however, in a convincing manner the usefulness of the United Nations (and, particularly, of the Assembly) as a meeting ground in which leading political representatives can still meet both formally and informally and continue efforts to reach a modus vivendi between the communist and non-communist areas into which the world is now divided.

3. I must confess, however, that no change in the outlook of the Soviet Government or its satellites was apparent during the Assembly meetings. The debates were marked with the same vituperation and recrimination on the part of the communist spokesmen. Familiar accusations of warmongering and imperialism were heard, particularly in connection with the discussions on the voting procedures of the Security Council, into which the communist representatives injected the question of the North Atlantic Treaty. On most of the issues the familiar voting pattern was observed: six delegations in opposition. Examples of this were the problem of vot-

ing in the Security Council, the United Nations Guard, the question of religious persecutions in Bulgaria and Hungary, the postponement of the Indonesian question, and the approval of the Convention on the International Transmission of News and the Right of Correction. In each of these cases, and despite the objections of the communist delegations, the Assembly was able to take decisions by a large majority. While in the case of most of the issues which came before the Assembly the Soviet bloc was found in its customary position of being the minority, this was certainly not the case on the admission of Israel in which the Soviet bloc voted with the majority. The Soviet position was shared by a substantial number of delegations when the Assembly declined to approve the resolution submitted by the Latin American states regarding diplomatic relations with Spain. The vote in this case was 26 in favour, 15 against, including the Soviet bloc, and 16 abstentions. Their position in regard to the Italian colonies also found substantial support among the Middle East and Eastern countries, but with this I shall deal later.

4. As in previous sessions, the communists used the Assembly as a sounding board for their propaganda. I must in this connection particularly refer to the attacks of the Polish representatives upon Canada with reference to the Polish art collection, and also in regard to the alleged mistreatment of displaced persons in Canada. The Canadian Delegation made replies in rebuttal to both charges in terms which have already been communicated to you. It should be noted, however, that Poland in this session assumed a leading role among the Eastern European states in propaganda attacks against what was termed the "Anglo-American bloc". The principal spokesman of the Poles was Katz-Suchy, an able though unscrupulous master of the dialectic. These attacks were delivered without any prior warning and the delegation found it necessary to be constantly prepared to deal with them. In the case of the Polish charges in regard to the art collection, it may be expected that, unless some progress is made towards settlement with the Polish authorities before the next regular session of the General Assembly, Katz-Suchy will return to the attack. In fact, the possibility cannot be excluded that the Polish Delegation will seek to have the matter formally put on the agenda of the General Assembly, claiming that this is an item falling within the general competence of the General Assembly under Articles 10 and 14 of the Charter. It should be observed that Katz-Suchy's statement in the plenary meeting of 28 April 1949 included the following words:

"In connection with that statement of the representative of Canada, I wish to state most emphatically that the representative of Poland quoted the problem of the Polish art treasures in Canada only as an example of a case which falls within the scope of Article 14 of the Charter, as a situation—and I am quoting from the Charter—regardless of origin, which deems likely to impair the general welfare or friendly relations among nations' and that it therefore could be discussed within the framework of the present subject under discussion."

5. The Polish charges that Canada was deriving unfair and improper benefits from the use of labour recruited from the ranks of refugees and displaced persons in Europe may also be repeated at the fourth regular session. The item "Discrimination practised by certain states against immigrating labour and in particular against labour recruited from the ranks of refugees", although very closely related to the

Polish charges regarding refugees and displaced persons, was carried over as a separate item to the agenda of the fourth regular session and will almost certainly provide the occasion for renewed attacks against ourselves. One of the tactics which the Polish representatives employ is to quote articles from Canadian newspapers and to read what are alleged to be letters of complaints from individual displaced persons residing in Canada. It would therefore seem desirable for the Canadian Delegation to have on hand as much documentary evidence as possible which may be used effectively in rebuttal of the Polish charges. The material which has been supplied to the delegation on that point has been very useful, especially that which was forwarded under cover of your despatch no. 371 of 16 May.† In particular, letters from individual displaced persons or from organizations which represent them would be of great use, provided that permission is given to quote such letters in debates here. The Polish technique appears to be a combination of mischief-making and a form of blackmail intended to put pressure on governments so attacked. No doubt both motives were involved in the Polish attacks upon Canada in connection with the Polish art collection. As a further instance of this kind of pressure diplomacy, one might cite the attempt at the last meeting of the General Assembly in this session of Katz-Suchy to introduce the case of Gerhart Eisler as an alleged instance of violation of fundamental human rights and freedoms and traditional practice of political asylum. No doubt more of this kind of thing will be heard at the next session.

6. During the past session it is noteworthy that the propaganda of the communist spokesmen was refuted again and again, and delegates were left with the impression that, despite the repeated and outspoken denunciations of the North Atlantic Pact, imperialism, warmongering, the Marshall plan, etc., as well as of other alleged misdeeds of the Western democracies, the communist bloc was on the defensive. This may, no doubt, be ascribed to the consolidation of the democracies which has taken place in the last few months through the North Atlantic Treaty, the West European Union and the Council of Europe, which have laid the foundations for a union of the North Atlantic communities strong enough to balance and resist communist power, at least in Europe.

7. The Soviets also suffered a notable set-back when the General Assembly adopted on 14 April 1949, by a vote of 43 in favour, 6 against (the Soviet bloc) and 2 abstentions, a resolution on voting procedure in the Security Council of considerable significance in the constitutional growth of the United Nations. The resolution as adopted:

(1) recommends to the members of the Security Council that a number of decisions (listed in the Annex to document A/792)† be deemed procedural;

(2) recommends to the permanent members of the Security Council that they seek agreement among themselves upon what possible decisions by the Security Council they might forbear to exercise the veto;

(3) recommends to the permanent members of the Security Council that they consult together and use moderation in the exercise of the rule of unanimity and to exercise that privilege only when they consider the question of vital importance;

(4) recommends to the members of the United Nations that, in agreements conferring functions upon the Security Council, such conditions of voting within that body be provided as would to the greatest extent feasible exclude the application of the rule of unanimity of the permanent members.

8. In making these recommendations, the General Assembly has, for the first time, put itself on record as being opposed to the abuse of the rule of unanimity, and as being in favour of the principle that the voting privilege granted to the permanent members of the Security Council should be exercised only within certain specific limitations. This decision, taken by such an overwhelming majority, cannot fail to be of outstanding importance in the developing jurisprudence of the United Nations.

9. In this connection, when the question of the admission of Israel was under discussion in the Ad Hoc Political Committee the representative of Pakistan, Sir Muhammed Zafrullah Khan, contested the right of the Security Council to make a recommendation on the admission of new members to the United Nations when that recommendation had been made without the affirmative vote of all the permanent members of the Council. In discussing the point raised by the representative of Pakistan a number of delegations were able to point to the General Assembly's recommendations on the problem of voting in the Security Council and in particular to paragraphs 2 and 3 of the Assembly's resolution of 14 April which bear directly upon the question of the admission of new members. You will recall that the Interim Committee recommended in its report to the General Assembly that any seven affirmative votes in the Security Council should be regarded as sufficient for the Security Council to adopt a recommendation on the admission of a new member, as well as on a number of other decisions listed in conclusion 2, part IV, of the reports of the Interim Committee, supplement no. 10. The General Assembly did not accept this particular recommendation in toto, but in the wording of paragraph 3(c) of its resolution of 14 April, the General Assembly reached a compromise which recognizes the existence of a middle position and gives support to the practice which has grown up in the Security Council that the abstention of a permanent member should not be considered as preventing the Security Council from reaching a decision. Paragraph 3(c) of the General Assembly resolution of 14 April, which reads: "(Recommends to the Permanent Members of the Security Council) if there is not unanimity to exercise the veto only when they consider the question of vital importance, taking into account the interest of the United Nations as a whole and to state upon what ground they consider this condition to be present" represents a compromise reached by the members of the Ad Hoc Political Committee in Paris in an endeavour to find a more elastic interpretation of the system of voting in the Security Council. Similarly, the recommendation contained in paragraph 2 of the same resolution urges the Permanent Members of the Security Council to seek agreement among themselves upon what possible decisions they might forbear to exercise their veto, when seven affirmative votes have already been cast in the Council and to give favourable consideration to the list of such decisions contained in conclusion 2, part IV, of the reports of the Interim Committee.

10. At the time the question of the admission of Israel was under discussion in the Security Council, the representative of the United Kingdom abstained when the

matter was put to a vote. At the time he explained his vote was not to be considered as preventing a decision by the Security Council. The Security Council, in recommending Israel's admission to membership in the United Nations, had demonstrated their acceptance of this interpretation. The representative of Pakistan argued that paragraph 3 of Article 27 of the Charter explicitly requires the concurring vote of the five permanent members in a decision affecting the admission of a new member. Voluntary abstention by one of the permanent members, he contended, constituted a negative vote and made the Security Council's recommendation invalid. Zafrullah Khan's statement was of interest in that it was the first occasion upon which the voluntary abstention of one of the permanent members of the Security Council has been used as an argument against the admission of a new member. Later, when the matter was under discussion in the plenary session, the representative of Pakistan repeated his arguments and the President of the General Assembly ruled on the preliminary question of whether the General Assembly was competent to question the right of the Security Council to make a recommendation. Dr. Evatt ruled that it was not within the competence of a body of the United Nations to question the basis upon which a recommendation was made by any other body of the United Nations. His ruling was not challenged.

11. Taken together, the discussion on the point raised by the representative of Pakistan and the discussion on the problem of voting in the Security Council mark an important stage in the constitutional development of the United Nations. The conclusions reached by the General Assembly, for instance, have given support to the practice of voluntary abstention as a necessary voting expedient in the Security Council. Full recognition was accorded to the practice of voluntary abstention at the 173rd meeting of the Security Council when the President made the following recommendation: "I think it is now jurisprudence in the Security Council—and the interpretation accepted for a long time—that an abstention is not considered a veto, and the concurring votes of the Permanent Members means the votes of the Permanent Members who participate in the voting, but those who abstain by their own intention are not considered to have cast a veto". This statement made by the President was not objected to by any of the members of the Security Council. By its recommendations, therefore, the General Assembly has thus for the first time recognized the validity of the practice which has grown up in the Security Council and which constitutes an important stage in the development of the voting procedure of that body.

12. I think in any comment on the work of this Assembly in connection with the problem of voting in the Security Council it should be noted that while the Ad Hoc Political Committee in Paris rejected a proposal submitted by the representative of the Argentine to call a general conference under Article 109 of the Charter for the purpose of reviewing the Charter, the Argentine and other countries who favour outright revision of the Charter may re-submit their proposal if the recommendations of the General Assembly are not acted upon by the Security Council. It seems unlikely that the Soviet Union will agree at this stage to accept most of the recommendations made by the General Assembly. It is possible, however, that the Soviet Union may agree to accept certain of the recommendations which would have the effect of simplifying the voting procedures of the Security Council. They might, for

instance, agree to recognize as procedural certain of the decisions listed in the Annex to the General Assembly's resolution of 14 April. It seems unlikely, however, that in most matters they will agree to forbear to use their voting privilege if that seems to be against the interests of the Soviet Union. For this reason, therefore, I think it is not unlikely that the Argentine and other countries who seek revision of the Charter will continue to press for the calling of a general conference.

13. Although I have not undertaken this despatch to deal with specific events, I cannot but fail to register the disappointment of the delegation in the inability of the General Assembly at this session to reach any decision on the disposition of the Italian Colonies. The difficulties, of course, of this thorny question were apparent from the start. The fact that the Foreign Ministers had failed to find a solution and had turned it over to their deputies, who even after investigating parties had surveyed the territories had failed to reach any conclusions, had prepared delegations for a difficult and complicated discussion. The report of this investigation, moreover, had failed to indicate any clear or unanimous conclusion. The resulting confusion as to the facts as well as the conflicts of interest showed up very clearly in the Assembly debates. Witnesses from respective territories, called to the Political Committee to state their views, tended to further complicate the issues by submitting generally conflicting evidence. In the result the Assembly, after a series of votes, both in Committee and in the Assembly, on proposed solutions for each of the territories, had to postpone its decision until the next session on account of the failure to obtain a two-thirds majority for the proposal relating to the trusteeship arrangements for Tripolitania. This development may be ascribed to several reasons. In the first place, there was little enthusiasm among the delegations for the Bevin/Sforza agreement, which came as a surprise at the time when the Political Committee had undertaken, through a drafting sub-committee, to co-ordinate the various proposals which had been put forward. It was felt, with some justification, that as the powers directly interested had failed to reach agreement and for that reason had submitted the question to decision by the General Assembly, it was not appropriate at the moment, when the Assembly was about to reach a decision, to submit what was represented as an agreement which had been made outside the United Nations between two of the powers most directly interested for acceptance by the General Assembly.

14. An important factor contributing to the difficulties of the General Assembly in reaching a decision on an objective basis regarding Italian Colonies was the strength of the Latin-American bloc and its efforts to secure a decision from the Assembly favouring the interests of Italy. Controlling nineteen or twenty votes, the bloc made it apparent from the start that no proposal which did not sufficiently meet the desiderata of the Italian Government would be allowed to go through the Assembly. Frequent corridor consultations and meetings between the Latin-American bloc created the impression among other delegations of helplessness to attempt to work out any solution on a more objective basis. It is indeed ironical that Haiti, one of the members of the bloc, should have been one of the two states which, by changing their vote on the crucial paragraph relating to Tripolitania from an abstention in Committee to a negative vote in the Plenary Meeting, was responsible for the failure of this paragraph to secure the necessary two-thirds

majority. The scene of confusion which followed the rejection of the paragraph on Tripolitania did little, to say the least, to increase the prestige and authority of the United Nations. The Argentinian representative declared in the Assembly, without mincing words, that, as the whole resolution had been accepted by the Latin-American states as a compromise only because of the provision which would allow Italy to have the trusteeship in Tripolitania in 1951, with the rejection of this clause, the Latin-American bloc should vote against the resolution as a whole. I am bound to say that the impression left with me was that the bloc system on this occasion went beyond the limits of legitimate consultation between delegations sharing common interests, and placed the United Nations in a position of frustration and inability to take a decision on one of the most important issues which have yet come before the Assembly. It is to be hoped, and it well may be, that the next session will see some reaction in condemnation of this barefaced attempt at pressure.

15. The intervention of members of the Latin bloc in a less important issue, namely the decision of the Assembly to defer consideration of the proposal to add Russian and Chinese to the working languages of the General Assembly, served as another instance of the power of the bloc vote used with an insufficient sense of responsibility. The Fifth Committee, after a full debate on this question, had submitted a negative recommendation to the General Assembly. The Soviet representative threw out the suggestion in the plenary meeting that the Assembly might defer a decision in the interests of international harmony. This suggestion was promptly taken up by the Polish representative. Unexpectedly this idea was given enthusiastic support by the representative of Uruguay. As a result, quite a number of the Latin-American states despite their previous vote in Committee voted in favour of deferment, thus setting at naught the conclusions of the Committee.

16. The experience of the recent Assembly session emphasizes the importance of pressing for necessary revisions in the Rules of Procedure of the General Assembly, and also of a more strict enforcement of the present rules. The question of improving the Rules of Procedure, in order to economize the time of the Assembly, was revived at this session by the three Scandinavian delegations and a special committee was established (upon which Canada is represented), by a decision of the General Assembly to "consider methods and procedures which would enable the General Assembly and its committees to discharge their functions more effectively and expeditiously". One of the revisions which this session has shown is urgently required is a revision of Rule 59 which would make it the normal practice that a report of a Main Committee, which had been adopted by a substantial majority, would not be debated again in the plenary meetings of the General Assembly. It was our experience, in the recent session of the Assembly, that more time was unprofitably consumed by the repetition of arguments, particularly by the delegations of the Soviet group, in plenary meetings on the reports of the Main Committees than in any other manner. In addition to the wastage of time caused by this "double debate", the reopening of committee reports in this manner and the re-introduction of resolutions defeated in Committee tended to decrease the authority and effectiveness of the work of the committees, which would have a greater sense of responsibility and accomplishment if it were known in advance that their

reports would not normally be debated again in the plenary meetings. A slight revision of Rule 59 should accomplish this purpose but such a revision will certainly be opposed by the Soviet bloc and by other delegations which favour unrestricted debate in the plenary meetings.

17. I realize the hazards of attempting to draw conclusions regarding the trends to be observed during the Second Part of the Third Regular Session of the General Assembly, because of the limited scope and purposes of this meeting. It is all the more difficult to draw conclusions from the varied experiences crowded within the space of six weeks, for the reason that meetings of the General Assembly, perhaps more than any other international conference, tend to show so much more activity in proportion to the results actually achieved. Indeed, one conclusion which must be drawn is that the very necessity of holding a regular session of the General Assembly in two parts, lasting altogether more than four months, points to the urgent need for reform of the procedures of the General Assembly so that more might be achieved with less effort and in less time. As I have indicated, much time and effort might be conserved by cutting out repetitious and vexatious arguments in plenary meetings which have been more than amply traversed in committee.

18. On the other hand, the United Nations once again proved its usefulness as a meeting ground, at which leading political figures of the world can come together and can in this way initiate, as in the case of the Berlin issue, perhaps in a casual manner the peaceful settlement of outstanding differences. The General Assembly moreover showed its importance once again as the greatest forum for the expression of public opinion on an international scale, in the discussion of such matters as the religious persecutions in Eastern Europe and of the difficult issue involved in the debates on Freedom of Information. But, above all, so long as the United Nations can demonstrate its capacity to adapt itself to changing circumstances, and can prove its capacity to reform, it will be possible to regard the future prospects of the organization with confidence. In the session which has just ended, I have pointed to the interesting procedural and constitutional reforms which have been initiated, and it will be worth watching to see what, if any, developments result in the future. It is therefore with regret that I have to close by referring again to the hindering effect on the progressive development of the organization consequent on the obstructive attitude of the communist minority which sought at this session, as in previous sessions, to exploit the facilities of the organization for purposes of propagandá, seeking to divide and to confuse the democratic nations. I was most struck by the patience and forbearance of the majority of the delegates when exposed to this treatment. It is a measure of the vitality of the United Nations that despite this hindrance the democratic nations have shown a capacity for cohesion and a will to continue to work out measures designed to bring about cooperation in the settlement of international disputes and for the preservation of peace and security.

19. This despatch represents a consolidation of the observations made by the individual members of the Permanent Delegation to the United Nations, notably Mr. Ignatieff, Mr. Starnes, Mr. Carter and Mr. Grande.

I have, etc.

A.G.L. MCNAUGHTON

73.

DEA/5475-DG-4-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

CONFIDENTIAL

Ottawa, July 8, 1949

Sir:

I have the honour to refer to your most interesting despatch No. 221 of June 1 commenting on some of the more important trends which were observed by the Delegation during the second part of the third session of the General Assembly.

2. I entirely agree with your conclusions regarding the propaganda attacks on Canada launched by the Polish representative. It appears very likely that we shall see a repetition of such attacks in the fourth regular session and not at all unlikely that the question of the Polish art collections will appear on the agenda as a specific item. Moreover, the item "Discrimination practised by certain states against immigrating labour and in particular against labour recruited from the ranks of refugees", will almost certainly provide Katz-Suchy with causes for renewed recriminations regarding our treatment of displaced persons. We are keeping both these subjects in mind in preparing the Commentary for the next Assembly and we shall make every effort to secure documentary evidence in rebuttal of the Polish charges, including letters from displaced persons residing in Canada. As you know, many letters of this sort were received during the last session when the question was raised in the Press.

3. I have noted with interest your comments on the constitutional questions raised regarding the problem of voting in the Security Council and the admission of Israel to membership. It may well be that in the debate in the Security Council last month regarding the admission of new members, Dr. Arce felt that, in the light of this recent constitutional development at the United Nations, other members might be more receptive to his legalistic arguments to the effect that the affirmative vote of any seven members of the Council was sufficient to secure a positive recommendation for membership under article 27 of the Charter. This is further evidence to suggest that the Argentine Delegation is trying to effect a revision of the Charter by less drastic means than their proposal put forward at the Paris Assembly. However, it does not necessarily preclude the possibility of the Argentine, and other countries who desire a revision of the Charter, continuing their pressure for the calling of a general conference.

4. Regarding the disposition of the Italian Colonies, I share the disappointment of the Delegation that the General Assembly, at the April session, failed to reach a decision. Even though the Bevin-Sforza compromise may have been in many respects unpalatable, the situation with regard to the African Colonies certainly called for an early solution. That the Assembly failed to reach a settlement does not enhance its position in public opinion.

5. Recently the United Kingdom authorities have circulated an informal appreciation from their delegation of the voting in the Assembly on the Italian Colonies question. The interesting conclusion is expressed that the vote on the Bevin-Sforza proposal was probably the most favourable that could have been obtained and that it is now doubtful whether it could ever be reached again because of the impossibility of exerting the same pressure brought to bear in the April session upon unwilling delegations. It seems unlikely that a settlement will be reached at the autumn Assembly. If the matter is to be deferred for any length of time, however, it would appear essential that member states be kept informed, on a continuing basis, of developments in the Colonies. In this regard perhaps the Assembly may feel disposed to the setting up of some sort of standing commission which could collect and collate information about the Colonies for the benefit of member governments.

6. The irresponsible "bloc tactics" of the Latin American states were certainly exhibited at their worst during the April Assembly. We can only hope that the failure of such manoeuvres as regards the question of the Italian Colonies may shame some of the Latin American states into better ways. It is most regrettable that this same combination of votes succeeded in re-opening a consideration of the proposal to make Russian and Chinese working languages of the Assembly, a question which was thoroughly debated and definitively disposed of by the Fifth Committee. It is to be hoped that the Special Committee on Methods and Procedures, now in session, will come up with some recommendation which will prevent, or at least control, the re-opening of debate in plenary session of questions which have been decided by a substantial majority in committee. At the moment, however, it would appear that the majority of the members of the Special Committee are unwilling to take steps to restrict debate, particularly in the plenary meetings.

7. I agree entirely with your view that the need for reform in the procedures of the General Assembly has been demonstrated in a most striking manner by the course of events in both the first and second parts of the Third Regular Session. While those of us who have had experience in United Nations matters can appreciate the importance of the General Assembly as a forum for the expression of public opinion on an international scale and as a meeting place for the leading political representatives of the states of the world, I am wondering whether these two contributions to the cause of world peace and understanding can outweigh in the public mind the apparent lack of positive achievement upon the part of the General Assembly—a situation which is not enhanced by what you describe as "repetitious and vexatious arguments" voiced ad nauseam at every session.

8. I should like to say how much I have enjoyed reading your despatch under reference. Comprehensive reports of this calibre are most useful in assisting us to assess past and future developments at the United Nations.

I have, etc.

[L.B. PEARSON]

74.

PCO/Vol. 124

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], September 12, 1949

FOURTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS, SEPTEMBER,
1949—DRAFT OF STATEMENT FOR THE GUIDANCE OF THE CANADIAN DELEGATION

General

1. 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 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.

Selection of Officers and Elections to Councils

2. In the selection of officers for the Assembly and of candidates for the Councils the Delegation should use its influence to secure the choice of competent persons and states giving primary consideration as a basis of selection to ability to make a serious contribution to the work of the United Nations, but making due allowances for the representation of geographical areas.

3. It is particularly necessary that states should be chosen for the Security Council on the basis of their ability to accept the responsibilities which are given to them. For this reason the Delegation should support India for the seat which has in the past been accorded to a Commonwealth country and which Canada will be vacating. For the Latin American seat, to replace Argentina, it is likely that the Latin

American states will choose Ecuador. It would be unfortunate, however, if this area were to be represented by two weak states, Ecuador and Cuba, which was elected last year; and the Delegation should support any responsible move to secure the nomination of one of the larger states, Brazil, Mexico, or Chile. The Ukrainian S.S.R. will retire this year, and there may be a movement to transfer to a non-Soviet state the seat usually accorded to a Soviet satellite. The Delegation should support this movement only if it is backed by the United Kingdom and the United States and has a good prospect of succeeding, as a defeat would be harmful to the prestige of the Western powers. The Delegation should not, however, vote for Bielo-Russia since its election would constitute further international recognition of the fictitious independence of the constituent Soviet republics.

4. In view of the importance of the work being done by the Economic and Social Council, Canada should be a candidate for this Council.¹⁵ The Delegation should support the candidature of Pakistan. Support might also be given to Yugoslavia, if circumstances warrant, in view of the open conflict on economic matters between Yugoslavia and the Cominform countries.

Political and Security Questions

5. Reports of the Conciliation Commission for Palestine and of the United Nations Commissions for the Balkans will be presented. The Conciliation Commission is to make recommendations for a permanent international regime for the Jerusalem area and for the protection of holy places in all of Palestine. The Delegation should use its best efforts to ensure that the arrangements suggested should give adequate protection to the established rights and interests of all religious groups and preserve effectively the sacred nature of all holy places. Support should be given to any responsible proposals to continue in its present or an altered form the Balkan Commission and to continue the mediation efforts initiated during the third session of the Assembly. Support should also be given to the retention of the Korean Commission, with or without changes in its terms of reference, provided strong reasons for a different course are not made by the Commission itself or do not appear during the course of the Assembly.

6. The applications of fourteen states for admission to the United Nations are now outstanding. The non-Soviet states oppose the admission of five of these (Albania, Bulgaria, Hungary, Roumania, Outer Mongolia). The Soviet Union has vetoed the admission of the other nine (Austria, Ceylon, Finland, Hashemite Kingdom of Jordan, Ireland, Italy, Korea, Portugal, Nepal). The Canadian Delegation should oppose a "horse trade" under which all fourteen states would be admitted, since Outer Mongolia is clearly not independent and we have joined in charges against the other four states of having violated their peace treaties or of refusing to cooperate with the U.N. Commission on the Balkans. If some or all of the Western candidates would accept non-voting participation in the work of the Assembly, the Canadian Delegation could support responsible proposals to grant this.

¹⁵ Au Cabinet, Pearson a cependant décrit la position du Canada comme étant «that of not seeking, but of willingness to accept election if urged to do so» (Conclusions du Cabinet, le 13 septembre 1949). At Cabinet, Pearson instead described Canada's position as "that of not seeking, but of willingness to accept election if urged to do so" (Cabinet Conclusions, September 13, 1949).

7. Two subjects dealt with in the spring meeting of the Third Session will again be on the agenda: the disposition of the Italian Colonies and the observance in Bulgaria and Hungary of human rights and fundamental freedoms. The Delegation should be guided by the general instructions on these subjects approved in April. It should support any just agreement on the Italian Colonies arrived at by the parties principally concerned and which is likely to secure a sufficient majority to bring a satisfactory settlement. Support should be given to any general condemnation of the violation by Hungary, Bulgaria and Roumania of the guarantees in the peace treaties of human rights, but care should be taken to avoid irresponsible or impracticable actions which would do no more than create dangerous precedents for undue interference by the United Nations in matters essentially within the domestic jurisdiction of a state.

8. In the discussion of atomic energy and the control of conventional armaments the Delegation should seek to avoid a debate which would provide the Soviet Union with an opportunity for making propaganda and securing the support of countries disposed to a neutral attitude on these questions. While making clear that the Soviet Union has prevented agreement in the Atomic Energy Commission and the Commission for Conventional Armaments, the Delegation should show no reluctance to continue efforts to find a solution.

9. If, as seems probable, the question of China is raised in the Assembly, the Delegation should support condemnation of Soviet interference in that country provided adequate evidence is produced to support the charges, but it should avoid any commitment to withhold recognition from the Communist regime or to give material support to the Nationalists.

Constitutional Questions

10. The Delegation should favour the continuation of the Interim Committee for an indefinite period and should seek to strengthen it by giving it useful work to do. It should also support the recommendations of the Special Committee on Procedures on which Canada was represented and any further sensible proposals which may be proposed to expedite the work of the Assembly and it should seek to have as many of these as possible adopted at the forthcoming session. The Canadian Government considers it important that the annual regular session of the Assembly should not last for more than two months. The proposals of the Secretary-General for a United Nations Field Service which represent a modification of a previous more extensive plan for a United Nations Guard, should be approved after careful scrutiny in Committee to see if improvements are necessary.

Financial Questions

11. The Delegation should, as in previous years, encourage the efficient and economical administration of the United Nations, scrutinize the budget in order to limit expenditure, and oppose the adoption of proposals which would needlessly increase the costs of operation. It should try to secure a reconsideration of the allocation of contributions to states which, because of post-war dislocation, received low assessments, provided that a new allocation is not likely to result in a higher

assessment for Canada. It should oppose any further reduction this year of the assessment of the United States and any increase in that of Canada.

Economic and Social Questions

12. The principal economic subject will be the proposals approved by the Economic and Social Council for the economic development of underdeveloped countries. The Delegation should examine these proposals carefully to make certain that they are efficient and practical, and it should seek further instructions before voting for any proposal which would imply a commitment by Canadians to contribute to the scheme. In the discussions on this subject and in the general consideration of the work of the functional agencies the Delegation should support any moves for the better coordination of the agencies, provided that schemes for coordination do not permit those countries which are not members of the agencies to secure indirect influence over their operation.

13. In discussing the convention on freedom of information the Delegation should be guided by the general instructions to the Delegation at the spring meeting of the Third Session. It should agree to a proposal to abandon the convention on freedom of information in favour of the insertion of a section on this subject in the draft Covenant of Human Rights, if, as is expected, this is proposed by the United States and supported by the United Kingdom and other respectable states.

14. The Delegation should firmly and factually refute the charges which the Communist states are expected to make of alleged discriminations practised by Canada and other states against immigrating labour, and should defend the work of the International Refugee Organization.

15. As the Assembly proceeds, questions will arise in regard both to subjects mentioned in this Memorandum and others on the agenda, concerning which the Delegation will require guidance. Frequent communication should be maintained with Ottawa, and, whenever possible, the Government should be acquainted with all proposals placed before the Assembly and with the action the Delegation proposes to take.¹⁶

L.B. PEARSON

¹⁶ Approuvé par le Cabinet, le 13 septembre 1949.
Approved by Cabinet on September 13, 1949.

SUBDIVISION II/SUBSECTION II
PALESTINE

75.

DEA/47-B(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-18

Ottawa, January 4, 1949

TOP SECRET

Following for Wrong from Pearson.

Since General McNaughton, in his capacity as President of the Security Council this month, must attempt to conciliate the opinions of the Security Council members on problems before the Security Council, notably Indonesia¹⁷ and Palestine, I should be grateful for any information you can send us after informal conversation with the State Department on the line the United States is likely to take to reconcile what appears to us to be its somewhat divergent policies on the questions of Indonesia and Palestine. In my immediately following two telegrams, repeating No. 896† of December 29 and No. 898† of December 30, from Paris you will note Ritchie's comments on the United States attitude toward these two questions. The text of the Acting Mediator's report of December 25 to which telegram 896 refers was published in the New York Times of December 28.

The apparent inconsistency in U.S. policy which is of particular concern to us has arisen from the United States abstention in the Security Council vote of December 29 calling for an immediate cease fire in Southern Palestine and, on the other hand, the strong support given by the U.S. to the resolution before the Security Council on Indonesia. Those governments—including our own—who, subject to their own determination of what is wise and right, and their duty to their own people, wish to give general support to U.S. policy, find it difficult to do so when that policy is so inconsistent as it appears to be when applied to Palestine and Indonesia.

¹⁷ Voir la sous-section iii ci-jointe, particulièrement le document 112.
See subsection iii below, especially Document 112.

76.

DEA/47-B(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-28

Washington, January 6, 1949

TOP SECRET AND PERSONAL

FOLLOWING FOR PEARSON FROM WRONG, BEGINS: REFERENCE YOUR EX-18 AND EX-21†—PALESTINE.

Rusk told Stone yesterday that at the present time the State Department did not, repeat not, wish to concert a plan for settlement with the British and present it to the parties for the following reasons:

(a) They want to give the conciliators a chance. Keenan (the United States member) has very strong instructions to back up the Security Council resolution of December 29th, (Rusk did not volunteer and Stone did not ask for an explanation of the United States abstention), and to work for a peaceful settlement.

(b) They question the propriety of concerting a plan in view of the Assembly's rejection of previous proposals and its expressed preference for "good old fashioned" conciliation. Should conciliation break down they would then be prepared to concert with the British a specific plan to put up to the parties.

(c) In addition to the efforts about to be made by the conciliators, talks are now going on with some indication that some progress is being made between Israel and Egypt and Israel and Transjordan. The State Department want to give these more time. (Talks between Israel and Lebanon have broken down, but it is hoped will be renewed.)

Rusk on the whole was optimistic. He said that he thought that the present situation, in spite of the fighting (which is on a very small scale) offered more hope for a settlement than at any time during the past two years.

The United States has been very active diplomatically with a view to encouraging negotiations, to keeping things on an even keel, to restrict and eventually to end the fighting. To these ends they had made strong representations—so strong last week in the matter of the Israel "invasion" of Egypt that they were surprised that there had not resulted from it a "buzzing of Zionist hornets around their heads".

In view of what is taking place in various fields now and the real chances of success which these activities seem to offer, Rusk hoped very much that the Palestine matter would not flare up violently in the Security Council tomorrow. He would much prefer a couple of weeks of comparative calm during which present events could work out their course.

Franks saw Lovett yesterday afternoon (reference your EX-23† transmitting to me F.O. 84 to United Kingdom Embassy here) and Rusk said that this was the line which the Under Secretary "was supposed" to take. While Stone was with him he was not able, however, to confirm that the Under Secretary had, in fact, taken this

line. I can confirm this morning that he did. My immediately following most immediate teletype contains the text of Franks' reply to F.O. 84, reporting his conversation.

I should add that Rusk impressed upon Stone the high desirability of not letting it be known to anyone that he had spoken to us so frankly.¹⁸ Ends.

77.

DEA/47-B(s)

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire du Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner of United Kingdom*

TOP SECRET

Ottawa, January 6, 1949

Dear Sir Alexander [Clutterbuck],

Thank you for your notes of 5th January† with the message from the United Kingdom Government about Jewish forces on the Egypt-Palestine border and the personal telegram to me from Mr. Bevin giving the text of a personal message he received from King Ibn Saud. Would you please tell Mr. Bevin that we have been watching here with anxiety recent developments in the Negev and on the Egyptian border and that we have noted with relief that the intervention of the United Kingdom Government with the United States Government in this matter seems already to have had some satisfactory results.

May I add that I agree entirely with the position taken by Mr. Bevin in his instructions to the United Kingdom Ambassador in Washington that the time has come for the United States and United Kingdom Governments to reach firm agreement on lines already discussed and to use their joint influence insistently with both sides to stop fighting and accept definite frontier lines. I can assure you that we will do what we can to support action of this kind either in the Security Council, or by exercising any influence that we may possess in Washington. We remain, however, very conscious of the unwisdom and possible danger of the Security Council passing resolutions on this matter which cannot be, and indeed are not meant to be, put into effect to the extent required to achieve the purpose desired. The inconsistency, as it seems to us, between United States positions in regard to the Security Council's resolutions designed to stop the fighting in Indonesia and in Palestine reinforces our anxiety in this regard.

Yours sincerely,

L.B. PEARSON

¹⁸ Note de Pearson à Reid ci-jointe (s.d.):

Attached minute by Pearson to Reid (n.d.):

I think that Dean Rusk is throwing a little dust in our eyes on this matter—and that the USA is not reluctant to delay matters in the [negotiation?] a few days until the Jews have got what they want.

78.

DEA/47-B(s)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa], January 11, 1949

NOTES FOR CABINET MEETING: PALESTINE

Progress in implementing the Security Council's Resolution of December 29

For several days after this resolution was adopted considerable difficulty was foreseen in securing the implementation of its three provisions—an immediate cease-fire, restoration of facilities to enable the United Nations truce observers to do their work (these facilities had been suspended by Israeli authorities on December 21), and withdrawal of Israeli forces to provisional truce lines established on November 13 by the United Nations Mediator in compliance with the Security Council's resolution of November 4.

Instead of withdrawing to the provisional truce lines Israeli forces had driven southward through Arab territory in the latter part of December and had invaded Egypt. On January 1 the Foreign Ministry of Israel released a statement defending the policy of the Government and stating that it "found itself constrained to resume its freedom of action" in order to stabilize Israel's security and put an end once and for all to "an intolerable situation". The latter phrase is a reference to the fact that Egyptian troops were still on Palestinian soil although since mid-October they had been confined to areas of Palestine which the United Nations Assembly had originally planned to allow the Arabs to retain.

On January 4 Egypt took the initiative in accepting the Security Council's latest cease-fire order and offered to enter into direct negotiations with Israel under United Nations chairmanship to implement the Security Council's earlier resolutions of November 4 and 16 dealing with truce and armistice arrangements respectively. With the aid of the Chief of the United Nations Observers' staff the agreement of Israel was obtained to this plan. The cease-fire went into effect on January 7 and on the same day Israeli representatives assured United Nations observers that the usual facilities would be provided to enable them to function as they did before the recent Israeli drive began in December 22. Thus when the Security Council's committee of seven met on January 7 there was nothing for it to do but to listen to conciliatory statements and to a report from the Acting Mediator on plans for an early conference between representatives of Egypt and Israel at Rhodes under his own chairmanship. United Kingdom and Egyptian members to the committee of seven felt that another meeting of the committee should be called in ten days since Israeli forces had not yet actually withdrawn to the truce lines established on November 13. It was arranged, however, that the committee should not meet again until a session was requested by the Acting Mediator, any member of the committee or by the chairman.

Egyptian frontier incident and its consequences

The incursion of Israeli forces into Egypt in the last week of December and retaliatory Egyptian air raids led the United States to make representations to Israel and Egypt at the year-end in which the danger of a wider extension of the conflict was pointed out to both. The Israeli government replied, according to a State Department release of January 4, that its forces had been recalled from Egypt and that no Israeli troops remained on Egyptian soil. The United Kingdom asserted, however, that Israeli forces were still being maintained in positions on Egyptian territory. R.A.F. aircraft from the Canal zone therefore continued to carry out reconnaissance flights, pilots being strictly ordered not to cross the Palestinian border. On January 7 five of these aircraft were shot down over Egyptian territory. An official United Kingdom protest directed to the Jewish authorities in Tel Aviv was not accepted on the ground that it was not addressed properly to the Provisional Government of Israel. The Acting Mediator ordered United Nations truce observers to make an impartial investigation of the incident since Israeli forces had claimed that the aircraft were supposed to be Egyptian, that they had flown over Palestinian territory and that some of them had attacked Israeli positions.

The United Kingdom Government has already made its position clear. Throughout 1948 it has supported the United Nations truce arrangements in Palestine. It has consequently refrained from supplying arms to Palestine or neighbouring Arab states and from sending fighting personnel to the area. Its observance of the truce resolutions has forced the United Kingdom to leave unfilled certain contracts into which it had entered in fulfilment of existing treaties with Arab states. While the United Kingdom itself has adhered faithfully to the requirements of the Security Council's truce resolutions, Israel has imported arms freely from Czechoslovakia and clandestinely from elsewhere. It has built up a navy, an air force and the armed strength of its ground forces during the truce period. Since mid-October it has conducted campaigns in southern Palestine in direct defiance of successive resolutions of the Security Council and its armed forces have made incursions into both Transjordan and Egypt. Since continued disregard of Security Council resolutions by Israel and a continued failure by the Security Council to take vigorous action may easily result in a sudden extension of the Palestine conflict which might bring chaotic conditions to the Middle East and invite a general catastrophe, the United Kingdom Government has therefore sent troops to the port of Aqaba in Transjordan and the Air Ministry has ordered United Kingdom aircraft to regard as hostile any Jewish aircraft encountered over Egyptian territory.

Israeli representatives have threatened to accuse the United Kingdom before the Security Council of having repudiated the Security Council's truce orders by the reconnaissance flights of its aircraft in Egypt, by despatching troops to Aqaba, and by building up the air strength of Transjordan. It has made sensational charges that the United Kingdom Government has been turning large amounts of military equipment over to the Egyptian and Transjordanian governments. These charges are emphatically denied by the United Kingdom.

It is hoped that the impartial enquiry into the Egyptian frontier incident which has been ordered by the Acting Mediator and talks which are now going on

between United States and the United Kingdom and further representations which may be made to Israel by the United States may have the effect of reducing the tension in the Middle East. The Secretary General of the United Nations is very anxious that no opportunity should be lost to create an atmosphere conducive to the success of the negotiations about to take place at Rhodes.

Editorial comment in Israeli newspapers

The reaction in Israel to the reported withdrawal of all Israeli forces from Egypt was varied. Even a middle-of-the-road newspaper observed that it was a new phenomenon for a victorious army to retreat from occupied positions before a peace treaty was signed and that the evacuation of Egypt should not have taken place. Another suggested, on the contrary, that chances of peace were now great if certain sections of the Israeli public did not support too enthusiastically the British desire to continue hostilities.

E[SCOTT] R[EID]

79.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 35

New York, January 12, 1949

CONFIDENTIAL

Palestine.

1. A significant development on the Palestine situation at the United Nations yesterday, Tuesday, January 11th, was the publication of a letter from Eban as representative of the Provisional Government of Israel to the President of the Security Council, the text of which is given in my immediately following teletype.†

2. You will note that the letter expresses the concern of the Israel Government on what is alleged as "the menacing attitude adopted by the United Kingdom towards the State of Israel by recent military, naval, aerial and political measures."

3. The question arose as to whether a meeting of the Council should be called in consequence of this letter. No request for a meeting of the Council accompanied the letter. Eban arranged a press conference before I had received the letter. At this conference, in answer to a direct question Eban indicated that he had no instructions to request a meeting of the Council. I consulted my United States and United Kingdom and French colleagues immediately the letter was available and Jessup after consulting Washington said that the United States Government was most anxious that no meeting of the Council should be called on this matter at a time when armistice negotiations between Israel and Egypt were about to commence in Rhodes. Cadogan said that the United Kingdom Government would have no objection to a meeting and would welcome the opportunity of denying what he described as misstatements of fact in the Israel letter but indicated that he would like to have

time to consult his Government and obtain the necessary data to enable him to reply to the charges made by Israel. The Secretary General intimated to me through Cordier that he would prefer not to have a meeting of the Council called as this might prejudice the result of the armistice negotiations by creating an unfavourable atmosphere. The Secretariat told me that they had already felt some concern about these talks as the Egyptian Government have nominated as their representatives officials of comparatively junior rank (it is understood that the Egyptian representatives consist of three Colonels and a legal adviser). Israel on the other hand has indicated that they are prepared to send Shertok if the Egyptian Foreign Minister would come to Rhodes. Parodi expressed the view that there was no urgency in the matter.

4. In the circumstances I felt that it would be wise to refrain from calling a meeting of the Council unless a specific request is addressed to me either by the representative of Israel or by a member of the Security Council, and in answer to press enquiries I made this position clear. My first inclination was to call a meeting of the Council without delay, as I thought a meeting might serve to help dispel the atmosphere of mutual recrimination which has developed between the Governments of the United Kingdom and Israel. My Chinese colleagues also held this view. I also thought that as President I might be open to criticism on the grounds that it might be represented that in failing to call a meeting of the Council I had appeared to be biased in favour of the United Kingdom in this matter. However, on balance the arguments that were put to me, particularly regarding the possible effect of a meeting of the Council on the Israel charges, at a time when the armistice talks were about to get under way at Rhodes, left me in no doubt that it would be better to wait until a specific request for a meeting were addressed to the President.

5. As regards the shooting down of the RAF planes and the possibility of a meeting of the Council on this question, I have now been informed by the United Kingdom delegation that they do not expect instructions "for the moment" from London requesting a meeting of the Council.

6. As President of the Council therefore, I propose on the matter of calling a meeting of the Council on Palestine to be governed by the recommendation contained in the report of the Committee of the Security Council on Palestine, a copy of which was referred to you under cover of form despatch No. 10 of January 8th, which stated that "the Committee was of the opinion that no further action by it was required at the moment and decided that the chairman should so report to the Security Council."

80.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 50

New York, January 15, 1949

CONFIDENTIAL

PALESTINE

Eban, the Israeli representative, called upon me this morning, to explain the position of the Israeli delegation on their recent complaint against the United Kingdom Government. His original instructions had been to press for an investigation by the Security Council. However, following assurances from the United States Government and in order not to prejudice the outcome of the Rhodes armistice talks, they had acceded to the view that it would not be advantageous to request a meeting of the Security Council at this time. He expressed the hope that he had not put me in an embarrassing position, as President, by appearing to leave the initiative in calling a meeting to the President. He pointed out he had taken pains, however, to make it clear that he had not requested a meeting of the Security Council. Eban wished to learn my attitude as President of the Security Council.

2. I assured him that I concurred whole-heartedly in the view that nothing should be allowed to happen which might impede the successful outcome of the Rhodes talks. I referred to the Acting Mediator's recent and encouraging messages, which confirmed our hopes for results from this conference.

3. Eban's original instructions had been prompted by the opinion of his Government that if there was any possibility of United Kingdom forces being actively involved in Palestine, the Security Council should take action before rather than after the event. Eban stated that two teams of United Nations observers had been despatched to the Aqaba and Egyptian frontier areas. He said that Jewish forces have now been withdrawn entirely from Egyptian territory. In making this comment he pointed out that his Government has always considered unjust the unilateral nature of the complaints that Israeli troops were occupying Arab territory. His Government felt that Arab forces should equally be required to withdraw from Israeli territory. He added that some Arab forces were still occupying Israeli territory.

4. When the Security Council next meet, his Government is of the opinion that a decision should be reached upon the interpretation to be given to the ban on the importation of armed forces into the Middle East. He described as "eccentric" the United Kingdom view that only the countries directly involved in the Palestine war should be banned from importing troops. It would be the view of his Government that the Security Council resolution prohibits movement of troops of all countries into the area. He pointed out that if the Security Council did not give such a ruling

it might be possible for "other countries" (he obviously was referring to the U.S.S.R.) to introduce troops into the area.

5. Eban then addressing himself to me, in my capacity as Canadian representative, referred to the application of Israel for admission to the United Nations at the last session of the General Assembly. He asked me to advise you that his Government were thinking in terms of seeking General Assembly action by the end of April or May. He said that, in accordance with the Rules of Procedure, it was likely the matter will have to come before the Security Council in February.

6. Concerning conditions in Palestine he informed us that feeling in Tel Aviv, both for psychological and economic reasons, was to end the conditions of war as soon as possible. This earnest desire for peace had its dangers, however, for, if an end to the fighting could not be brought about by peaceful means, the Israeli Government might be led to more drastic measures. He said that, at the time he left, truce talks between Trans-Jordan and Israel were proceeding apace and were being transformed into armistice discussions. In Jerusalem itself life had returned to normal. There has been direct contact for some time between military commanders and there are the beginnings of political contacts. Truce negotiations were begun in Paris during the General Assembly with Lebanon, and are continuing. Eban thought that it would be easy to reach agreement as the territory affected is [a] relatively small area and an adjustment of the Israeli-Lebanese frontier could probably be easily reached. To date all attempts to reach a truce with Iraq have been unsuccessful. Before the change in Government in Iraq United Nations and Israel's attempts to negotiate a truce were turned down. Eban expressed the hope that truce negotiations with Iraq could now be begun, as some 15,000 Iraqi troops are placed in a strategic part of Palestine and constitute a serious military threat to Israel.

7. He had been present in Tel Aviv when Canada had recognized Israel. He said that it had had a tremendous impact upon the Government and upon the people. He pointed out that, coming at the time it did, Canada's action will have a definite effect upon the elections which are to take place on or about the 25th of January. Canada's recognition, he said, counter-acts in some measure the influence of those political groups in Israel which favour orientation towards the countries of Eastern Europe.

8. In discussing the future of Arab Palestine he said that it was becoming increasingly evident how unrealistic it is to suppose that a separate Arab State can exist either from an economic or a political point of view. He thought it probable that Abdullah is correct in claiming that a majority of the Arabs in Palestine wanted union with Trans-Jordan.

81.

DEA/47-B(s)

*Note de la direction d'Europe
pour le secrétaire d'État aux Affaires extérieures¹⁹*

*Memorandum from European Division
to Secretary of State for External Affairs*

[Ottawa], January 18, 1949

1. *Crisis over shooting down of RAF aircraft*

The United Kingdom and Israeli representatives at Lake Success have refrained from asking for a special meeting of the Security Council to discuss the shooting down by Israelis of RAF aircraft near the Egyptian border. In Tel Aviv there seems to be a tendency on the part of officials to draw back from an adventurous enterprise likely to lead to full-scale war and to emphasize instead the importance of getting on with the resettlement of Jewish immigrants. All Israeli troops appear to have been withdrawn from Egyptian soil. In the United States, however, Zionist groups have launched a publicity campaign to mobilize public opinion against the United Kingdom, which is described as "the real enemy of Israel" desirous of frustrating peace between Israel and the Arab states.

2. *Conciliation Commission*

Despite the resignation last week of the United States representative on the Conciliation Commission, the first meeting of the Commission was held in Geneva according to plan. The Commission will begin to function in Jerusalem on January 24. The Acting Mediator, Dr. Bunche, has suggested that the Security Council should turn over to the Commission the functions he has been exercising.

3. *Arab-Jewish negotiations*

(a) At Rhodes negotiations are proceeding between Egypt and Israel looking toward an agreement on the basis of the Security Council's resolutions of November 4 and 16. Egyptians besieged at Faluja in the no-man's-land of Southern Palestine are now to be permitted by Israeli authorities to withdraw. The question of the voluntary withdrawal of a considerably greater number of Israeli troops from the whole northwestern portion of the no-man's-land is still under discussion.

(b) Direct negotiations between Israel and Lebanon in the past few days have concerned the evacuation of a strip of Lebanese territory by Israeli forces and the withdrawal of Lebanese troops from a pocket in Western Galilee. Partial withdrawals are said to have begun already.

(c) Direct negotiations between Transjordan and Israel have been going on for some time. Israel, which formerly opposed the annexation of part of Palestine by Transjordan, is now disposed to acquiesce in this feature of the plan proposed by the late Mediator, Count Bernadotte.

¹⁹ Rapport noté par le Cabinet, le 19 janvier.
Report noted by Cabinet, January 19.

4. *Press comment*

In Canada more than one newspaper has supported the view expressed by the London *Times* that nothing has been of more encouragement to aggressive policies in Israel than the inability of the United States to declare a clear policy and take a firm line. The appearance of a Jewish state is welcome, but the need is "to fix upon the new state the duties and the responsibilities which are the very marks of statehood" and to settle in discussion, not on the battlefield, the limits which must now be set to Israel's territory.

82.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 122

New York, January 29, 1949

SECRET

Palestine—Rhodes negotiations.

1. The Secretary General showed to me in strict confidence a personal and confidential report which he had received from Bunche reporting that, following separate talks with the Israeli and Egyptian delegations upon their return from their respective Capitals, he has come to the "inescapable" conclusion that prospects for an armistice agreement are virtually nil.

2. The Egyptians take the resolution of the Security Council of 13th November as the basis upon which they draw armistice lines and they insist that advantages gained under the truce should not be confirmed by armistice agreement. Israeli position apparently is that any withdrawal agreement must be on a reciprocal basis and will be controlled by distance of Egyptian forces from Palestine frontier.

3. Bunche reports that, despite the impasse, neither delegation wishes to take responsibility for walking out of the negotiations and would prefer to have the Acting Mediator take the responsibility for closing negotiations by declaring that no hope for agreement exists. Bunche says that he will try to avoid being put into this position and, at the worst, will try to persuade both parties to adjourn indefinitely and to report fully to the Council. In view of the stalemate, Bunche suggested that the Council should intervene in some form even if only by a cable from the President of the Council.

4. Lie consulted me about the possibility of my sending a message to Bunche as President of the Council. I pointed out, however, that, as, by agreement of both parties at the beginning of the Rhodes negotiations, no official report had been submitted to the Security Council on the progress of the negotiations except that contained in the report on the Cease-Fire Agreement referred to you in our teletype No. 107 of 26th January,† I could not act in my capacity as President of the Council and on behalf of the Council until the Council had been apprised of the facts.

5. Consequently, I made the suggestion to Trygve Lie that he might reply to Bunche along the following lines:

"I have consulted the President who indicates that it is not possible for him on behalf of the Council to express an opinion on matters which have not yet been communicated to the Council. He feels it is most important that meetings should not be suspended but only adjourned to enable both parties to reconsider their positions. If the meetings are adjourned, you should secure agreement of both parties to release of a statement setting out the reasons for the difficulties, which they have encountered in their negotiations for an armistice. On receipt of such a statement, it might then be possible for the Council to make a decision and to take some useful action."

Lie agreed and said that he would advise Bunche in the above sense.

83. DEA/47-B(s)

*Note pour le premier ministre*²⁰
Memorandum for Prime Minister

TOP SECRET

[Ottawa], February 10, 1949

PALESTINE

The following is a brief outline of current issues relating to Palestine in which Canada is interested as a member of the Security Council:

I. *Security Council Responsibilities*

2. Despite the Security Council's truce order of July 15, 1948 the Israelis have continued to improve their military position in Palestine by imports of arms, ammunition and war supplies, and by launching three offensives—(a) in the northern Negev (October 14–November 19), (b) in northern Galilee in the latter part of October, and (c) in the central Negev (December 22 to January 7). During the first offensive armed incursions of Israelis into Transjordan took place from the Negev. During the second, the occupation of a strip of territory in the Lebanon began. During the third Egypt was invaded. As a result of the two offensives in the south the Egyptians were driven from all but a small fraction of the areas in southern Palestine allotted to the Arabs under the General Assembly's partition resolution of November 29, 1947.

3. The first southern offensive was dealt with in the Security Council's resolution of November 4, providing for the withdrawal of forces behind provisional truce lines established by the Acting Mediator on November 13. These left the greater part of the Negev as a no-man's-land to await final disposition under the peace settlement. The Israelis have so far failed to comply with this resolution. A further Security Council resolution of November 16 provided for a rapid transition to armistice conditions by negotiations conducted either directly or through the Acting Mediator.

²⁰ Une note marginale indique que cette note n'a pas servi.
A marginal note indicates that this memorandum was "Not used".

4. On December 29, during the second offensive in the Negev, the Security Council called upon Israelis and Egyptians to order an immediate cease-fire, to implement without further delay the resolution of November 4 and to facilitate complete supervision of troops by United Nations observers, which the Israelis had been preventing. On January 4 Egypt broke a long deadlock by offering to enter into direct negotiations with the Israelis under United Nations chairmanship with a view to implementing the Security Council's resolutions of November 4 and 16. A cease-fire went into effect on January 7 and discussions began on the Island of Rhodes on January 13 with the aid of the Acting Mediator.

5. Up to the present two agreements, both dated January 25, have resulted from the Rhodes negotiations. The first merely confirms the cease-fire agreement of January 7. The second provides for food and medical supplies to be taken in United Nations convoys to an Egyptian brigade and townspeople surrounded by Israeli forces at Faluja. On the main issues, however, no agreement has been reached. The Israelis still refuse to evacuate territory won in southern Palestine since mid-October or to agree to compromise suggestions for armistice lines offered by the Acting Mediator, although the Egyptians appear to have accepted them almost entirely.

6. Transjordan has now accepted the Acting Mediator's invitation to begin discussions with the Israelis at Rhodes. Syria, Lebanon, and Iraq have undertaken to do so as soon as the talks between Israel and Egypt have reached a successful conclusion.

II. Intervention by the United States and United Kingdom

7. When the Israelis invaded Egyptian territory in the last week of December the United Kingdom, feeling that the Security Council would be unable to take effective action, asked the United States to intervene. The United States made simultaneous representations at Tel Aviv and in Cairo, as a consequence of which Egyptian air raids ceased and the Israelis reported the complete withdrawal of their forces from Egyptian territory. Since Israeli forces were nevertheless still operating in Egyptian territory, reconnaissance flights by RAF planes based near the Suez Canal were ordered and on January 7 five RAF aircraft, which the Israelis took to be Egyptian, were shot down.

8. The United Kingdom, fearing that the incursions into Transjordan in November and into Egypt at the year-end were part of a deliberate Israeli policy which the Security Council might not be able to stop, despatched an armed force to Aqaba and alerted its naval and military units in the Mediterranean as a deterrent to further violations of established boundaries by the Israelis. The United Kingdom's treaties with Egypt and Transjordan are similar in certain respects. In either case when there is risk of a rupture with a third state efforts will be made to settle the dispute by peaceful means in accordance with the United Nations Charter (in the Egyptian treaty the League of Nations Covenant was originally specified). If these efforts fail the United Kingdom will come to the aid of either country in the capacity of an ally. Nothing in either treaty is to prejudice the obligations of the United Kingdom under the Charter. The Transjordan treaty provides that in case of an imminent menace of hostilities the high contracting parties will immediately concert together the necessary measures of defence. This is in consonance with Article 51 of the

Charter, which concerns the inherent right of individual or collective self-defence "until the Security Council has taken the measures necessary to maintain international peace and security".

9. In the crisis which followed the shooting down of the RAF aircraft the Provisional Government of Israel did not attempt to defend its own successive violations of Security Council resolutions but gave the Security Council a memorandum denouncing the United Kingdom for allegedly violating the truce by supplying arms to the Arabs (which the United Kingdom has denied), by conducting reconnaissance flights in a battle area and by despatching British armed forces and aircraft to Transjordan. Since then, however, the tension has been partially relieved by the release of Jewish refugees from Cyprus, the *de facto* recognition of Israel by the United Kingdom on January 29 and an arrangement for the immediate exchange of diplomatic representatives between the United Kingdom and Israel.

10. On January 13, while tension was greatest, the United Kingdom Ambassador discussed with President Truman the possibility of committing the United Kingdom and United States governments to a joint effort, based on a firm and agreed policy, to achieve peace in the Middle East. Hitherto Mr. Bevin had seen no prospect of this because of frequent shifts in United States policy in Palestine, including the abandonment of support for the Bernadotte report and abstention by the United States delegate from voting on the Security Council's December 29 resolution reaffirming a decision for which the United States had voted on November 4. Now, however, the United Kingdom proposed a joint effort toward a settlement which would enable Israel to be admitted to the United Nations. This would entail acceptance by Israel of the Security Council's resolutions of November 4 and 16 and of December 29, the repatriation of Arab refugees and United States cooperation in developing the Arab sections of Palestine. The United Kingdom hoped that the United States would agree to this course in preference to endorsing a series of decisions arrived at by force of arms.

11. When President Truman showed interest in these proposals Mr. Bevin decided to take the conciliatory measures referred to at the close of paragraph 9. The United States accorded full recognition to Transjordan on January 31 when it granted *de jure* recognition to Israel. Owing to difficulties in timing, however, no public statement was issued in London and Washington, as originally planned, announcing that the United Kingdom and United States governments were working closely together toward a final settlement in the Middle East.

84.

DEA/47-B(s)

*Pièce jointe à la note de la direction des Nations Unies
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Annex to Memorandum from United Nations Division
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], February 23, 1949

ANNEX B
PALESTINE

Conversations at Rhodes

On February 20 an armistice agreement between Israel and Egypt was tentatively agreed to by representatives of the two states in conference at Rhodes. On February 23, after consulting his government in Cairo, the Egyptian representative returned to Rhodes for what is expected to be the early signature of the armistice agreement. The Government of Israel had already approved the text of the draft agreement and commended its own representatives for having acted within the scope of their instructions throughout the period of negotiations. Terms of the agreement will be kept secret until its signature by Egyptian and Israeli representatives.

It is expected that armistice negotiations between Transjordan and Israel will begin at Rhodes on February 26. An exchange of prisoners of war between Transjordan and Israel is already taking place.

Work of Israeli Constituent Assembly

During its preliminary sessions in Jerusalem last week the Constituent Assembly of Israel elected the President of the State and adopted an interim constitution. The confirmation in the Presidency of the moderate Zionist leader, Dr. Chaim Weizmann, was supported on February 17 by 83 votes in a body composed of 120 representatives. The opposition was led by former Irgunists who control the extremist Freedom Party, fourth-strongest group in the Constituent Assembly. The left-wing labour party, Mapam, voted for Dr. Weizmann but in doing so dissociated itself from his political orientation.

The Chairman and two Vice Chairmen of the Constituent Assembly are drawn from the three strongest parties, Mapai, Mapam and the religious bloc. Mapai is a moderate socialist group, Mapam desires an eastward orientation of Israel's foreign policy and the religious bloc includes extreme leftists as well as moderates. These three groups are expected to supply 12 of the 15 members of a new coalition government to be created when the Prime Minister of the Provisional Government recovers from a temporary indisposition. Of three Arabs who have taken their seats in the Assembly one will support the moderates while two are Communist. Communists in the Constituent Assembly have read out of the party a fellow deputy who refuses to follow directives from Moscow where these do not coincide with the national interests of Israel.

Conciliation Commission

The United Nations Conciliation Commission, composed of representatives of Turkey, the United States and France, have been touring Arab capitals and will complete their itinerary with a visit to Tel Aviv on February 24. They have been laying the groundwork for the permanent settlement of the Palestine question which is to follow the armistice agreements now being worked out at Rhodes. Two of the questions they have been discussing are the General Assembly's recommendations in favour of the repatriation of Palestinian refugees and an international regime for the Jerusalem area.

The Provisional Government of Israel has not consented yet to the repatriation of Arab refugees and shows no inclination to do so except on a highly selective basis. Refugees who have recently returned to their former homes under cover of darkness have been sent back to refugee camps outside of Israel by the Jewish authorities pending a decision as to the future of the refugees generally. No official proposal on this question appears to have been made yet by the Conciliation Commission.

Three suggestions for the future administration of Jerusalem have so far been made:

(a) The Provisional Government of Israel suggests that only the old city, which is now controlled by Transjordanian forces, should be placed under international administration, while the new city outside the walls should be incorporated in the State of Israel. Mr. Shertok has intimated that Israel does not plan a *coup d'état* to take possession of the new city of Jerusalem so long as there is a possibility of establishing the Jewish claim on a basis of general agreement.

(b) Transjordan has suggested the establishment of a Transjordanian trusteeship over the old city and an Israeli trusteeship over the new city, the administering authority in each case being responsible to the United Nations.

(c) The Conciliation Commission has suggested tentatively that a Jewish administration in the new city and an Arab administration in the old city should each be represented on a federal body to include the consuls of the major powers and a representative of the United Nations. The federal authority would supervise both the Arab and Jewish police forces of the old and new cities.

No official report on the Commission's conversations with Arab and Israeli governments is expected until the tour of the Commission is completed.

85.

DEA/50054-40

Pièce jointe à la note pour le secrétaire d'État aux Affaires extérieures
Annex to Memorandum for Secretary of State for External Affairs

[Ottawa, March 16, 1949]

ANNEX B
ISRAEL AND ITS NEIGHBOURS

In Palestine and Rhodes the Acting Mediator and his staff are still making efforts to arrange for a peaceful transition from truce to armistice conditions between Israel and its Arab neighbours on the north and east. Although the situation remains difficult, progress has been made within the past week in negotiations between Israel and two of its neighbours, Lebanon and Transjordan, under the chairmanship of United Nations representatives.

While the negotiations have proceeded, Israeli forces have been establishing themselves in key positions along the eastern frontier from the Dead Sea to the Gulf of Aqaba, facing Transjordan. On the Dead Sea coast, the northern half of which has been in Arab hands, Israelis announced on March 15 that they had taken over a position at Engedi, four miles north of the truce line established by the Acting Mediator on November 13. In the south, where no truce lines were established, clear warnings from the British allies of Transjordan appear to have prevented any serious violations of the frontier during the past week while Israeli forces were establishing positions near the Gulf of Aqaba, taking over the five-mile strip of Palestinian coast and establishing their lines of communication with the north. They are at no point closer than five miles to the Transjordanian port of Aqaba where a small token force of British troops is maintained.

On the southwestern frontier, between Palestine and Egypt, where no British force is maintained, the situation has apparently been different. Here it has been repeatedly stated that an Israeli force moving down to the Gulf of Aqaba from Beersheba crossed into Egyptian territory and made use of a 35-mile stretch of Egyptian road leading southward to the Gulf, thus violating the recent armistice agreement with Egypt. If these reports are confirmed by the United Nations truce observers it will be a matter for reference to the mixed Armistice Commission of six members which meets under the chairmanship of a United Nations representative in a demilitarized zone on the border between Egypt and Palestine.

On March 11, while the situation at the Gulf of Aqaba was causing anxiety in view of the close proximity of Israeli and Transjordanian forces, and the possible involvement of United Kingdom troops, a cease-fire agreement was signed at Rhodes representing the first step toward a negotiated settlement on Israel's eastern frontier. The agreement called for a general cease-fire, applicable to all elements of the military or para-military forces of Israel and Transjordan found in proximity to each other anywhere from a point near Lydda west of Jerusalem to the southern tip of Palestine. No element of the ground or air forces of either party is to advance beyond or pass over lines or positions now held by the foremost elements of its

ground forces. Complete supervision of the truce by United Nations observers is to be allowed. Civilian movements across the truce line are not to occur except by mutual agreement.

Perhaps the most dangerous situation is that existing north of Lydda in a sector from which Iraqi forces are being withdrawn and replaced by Transjordan troops. Israeli forces have been concentrated in this sector for some weeks and the Israeli Foreign Minister has announced within the past week that occasional sniping in the area by Palestinian Arabs may lead his government to order an advance. The withdrawal of Iraqi forces began after Iraq announced that it would consider itself bound by any agreement with the Israelis reached by other Arab states.

The talks between Israel and Lebanon have not come to an end yet because of continuing differences as to the location of the proposed armistice line, but agreement is expected soon.

86.

DEA/47-B(s)

*Pièce jointe à la note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Annex to Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa, March 30, 1949]

ANNEX B
PALESTINE

(A) *Armistice Agreements*

Israel, which signed armistice agreements with Egypt on February 24 and with Lebanon on March 23, has reached this week the final stages in negotiations for an armistice agreement with Transjordan as well. Since no separate agreements will be needed with Iraq, Saudi Arabia or Yemen, an armistice agreement with Syria is the only one still to be considered.

We have no detailed information yet regarding the provisions of the armistice agreement with Transjordan. The armistice agreement between Israel and Lebanon, however, follows closely in its general provisions the precedent established in the armistice agreement with Egypt. It establishes the right of each party to freedom from attack and to submit any political or other claims it may wish to make in the final peace settlement. It defines areas on both sides of the border within which armed forces are to be reduced to defensive strength. It arranges for an exchange of prisoners and for the creation of a mixed armistice commission under the chairmanship of a United Nations representative. A curious feature of the armistice agreements with both Egypt and Lebanon which we are told is found also in the agreement with Transjordan, is the provision for early renegotiation, apparently aimed at an early reduction of Arab-held areas in Palestine. At any time the parties may press for revision of the territorial provisions of any of the armistice agree-

ments. Since any such revision would be made under pressure at the expense of territories which the United Nations have always regarded as being purely Arab, there is some anxiety in United Nations circles lest the present precarious balance should be upset by an early invocation of the renegotiation in clauses of the armistice agreements by the Government of Israel.

(b) *Military Movements*

On March 23 the Acting Mediator reported fully to the Security Council on the recent Israeli drive to the southern tip of Palestine. It was clear, he said, that since the first week of March Israeli forces had effectively occupied the southern area, which had earlier been lightly patrolled by Transjordanian forces, now entirely withdrawn from Palestine. The positions had been established contrary to the terms of the truce. Patrolling activity and reinforcing of pre-truce forces on either side of the frontier had been in conflict with truce conditions accepted by both sides.

On March 21 the Israeli delegation to the United Nations presented to members of the Security Council a memorandum attacking the United Kingdom both for having sent troops to Aqaba in January and for having reinforced them in March. The Security Council truce resolution should have prevented British forces from arriving at Aqaba in the first place and its armistice resolution of November 16 would seem to call for their withdrawal. On March 28, in answer to a question in the House of Commons at Westminster, Mr. Mayhew pointed out that Israeli forces had not only invaded Egypt but had also invaded and occupied Lebanese territory. These facts and the repeated contravention by Israeli forces of the injunctions of the Security Council had given the Government of Transjordan ample reason to fear that Israelis intended also to invade its own territory in the Aqaba region and it had therefore invoked its treaty with the United Kingdom and asked for aid. The United Kingdom Government did not understand that it was debarred by the Palestine truce from reinforcing or altering the composition of its forces in the Middle East. Movements between British forces stationed at various Middle Eastern points had in fact been freely carried out without comment or criticism from the Acting Mediator or the United Nations. Far from impeding armistice negotiations between Israel and Transjordan it was only the presence of a defensive British force at Aqaba which had stabilized the situation and enabled the negotiations to proceed.

(c) *Refugees*

To begin consideration of how to deal with the problem of the Palestinian Arab refugees, whose number now exceeds 800,000, the United Nations Conciliation Commission has been in session in Beirut, Lebanon, since March 21. After preliminary discussions with representatives of the Arab states and of organizations interested in the refugee problem, the Commission has asked official and non-governmental representatives to prepare memoranda incorporating their specific proposals with regard to further procedures. A memorandum from the Government of Israel has already been received.

Two main issues have emerged from the preliminary discussions. The first relates to the urgency of the problem, the second to the manner in which it should be settled. The Government of Israel does not wish the refugee problem to be discussed except as part of a general peace settlement. The Arabs, on the contrary,

maintain that it is of such urgency that it should be settled immediately before peace negotiations begin. In the second place the Israelis maintain that owing to the virtual disappearance from Israel of an Arab economy it would be easier to resettle the Arab refugees in Arab countries than to restore them to their former homes in what is now Israeli territory. Israel is willing to readmit only certain categories, including the Christian minority, members of the professions and immediate relatives of Arab citizens of Israel. Arab officials and voluntary organizations, on the other hand, report that the overwhelming majority of the refugees desire to return to their former homes and feel they should be accorded this right. They therefore ask for implementation of the Assembly resolution calling for the repatriation and rehabilitation of refugees and the payment of compensation for property losses.

While discussions of the terms of a long-term settlement proceed, it has become apparent that further short-term assistance for the relief of refugees will have to be considered also.

87.

DEA/10170-B-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

CONFIDENTIAL

[Ottawa], April 11, 1949

RELIEF OF ARAB REFUGEES

The United Kingdom has requested Commonwealth countries to consider—

(a) the desirability of placing an item on the Agenda of the Second Part of the Third General Assembly next month, recommending an appeal for further funds for the relief of Arab refugees from Palestine. No estimate of the amount of money required has been made but the latest figures available indicate that there are over 800,000 refugees at the present time;

(b) The question of resettlement of these Arabs.

2. Canada has already given approximately \$250,000 in response to the Bernadotte appeal of August, 1948 and approximately \$750,000 in response to the General Assembly Resolution of November, 1948. In both instances the bulk of the gift has consisted of commodities purchased under price support measures in Canada. It is estimated that immediate needs for refugees can be met until August, 1949 out of the contributions already received or expected. Response from countries other than the Commonwealth, the United States, France and some of the Northern European countries has been negligible; in particular Latin America has contributed almost nothing.

3. Apart from the purely humanitarian interest, there are two reasons why Canada should continue to contribute toward Arab relief:

a) because the Security Council, of which Canada has been a member since January 1, 1948, has been attempting to promote a peaceful settlement of the Palestine

dispute, which might be endangered, despite the armistice agreements, if relief contributions for Arab refugees should suddenly be cut off;

b) because the strategic interests of the United States and the United Kingdom with which we find ourselves identified require a stable condition in the Middle East.

4. Accordingly, I recommend,²¹ with the concurrence of the Minister of Finance, that the United Kingdom authorities be informed that—

(a) Canada would not oppose a General Assembly resolution prolonging the provision of relief beyond August, 1949, and recommending an appeal for further funds.

(b) Subject to conditions which may exist at the time, Canada would consider making a further contribution to relief for Arab refugees, preferably in kind.

(c) The amount of the Canadian contribution would be affected by—

(i) Contributions which have been made in response to the Bernadotte and General Assembly appeals;

(ii) Undertakings made by other countries to contribute to a new appeal.

(d) Contributions should be on a voluntary and not an assessment basis. In the long view an assessment procedure opens the way for countries which contribute very little to the United Nations budget to press indiscriminately for contributions to numerous welfare projects. The Cabinet conclusion of November 17, 1948 authorized the Canadian Delegation to the General Assembly either to vote in favor of a resolution providing for voluntary contributions or support any alternative proposal for the establishment of relief on a basis of assessment.

(e) The question of relief cannot be separated from the problem of early Arab resettlement. Continued large relief contributions will lessen the pressure on Israel and the Arab states to find a permanent solution to the refugee problem. It may be that recent proposals with respect to the provision of assistance for undeveloped areas may be implemented in the Middle East as a means of overcoming the resettlement problem.

L.B. PEARSON

²¹ Approuvée par le Cabinet, le 12 avril 1949.
Approved by Cabinet on April 12, 1949.

88.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 864

New York, July 29, 1949

CONFIDENTIAL

Following from Starnes, Begins: Palestine.

1. In General McNaughton's absence, Mr. Eban, the permanent representative of Israel to the United Nations, asked to see me yesterday morning at 11:00 a.m.

2. The purpose of Eban's visit was to discuss the Acting Mediator's final report (document S/157 of 26th July), copies of which are being sent forward to you in today's bag. You will note that in the last paragraph, the Acting Mediator attaches as an annex a memorandum suggesting the general lines of the action which the Security Council might now consider it appropriate to take. In fact, as you will see, the memorandum is a draft resolution.

3. Eban, who has just returned from a two and a half week visit to Palestine, wished to inform me that it was the view of his Government that it might be wise in the light of the present state of the peace negotiations to include in the draft resolution a paragraph which would have the effect of continuing the embargo on the shipment of arms to the countries affected by the armistice agreements. Eban said that none of the countries affected are in a sufficiently strong military position at present to carry on any prolonged military operations, and it was the feeling of his Government that, at least until the peace negotiations have been concluded, it would be wise to continue the status quo. He pointed out that the resolution of the Acting Mediator as presently drafted would permit Egypt, Iraq, Syria and other Arab countries to carry out their present plans of rearmament, which he said were quite extensive. Egypt, for instance, he said has budgeted for [a] 200 million dollar rearmament programme for this year. It was the further thought of his Government, Eban said, that by continuing the embargo and by linking it to the successful conclusion of the peace negotiations, it would act as an added incentive to conclude those negotiations rapidly.

4. While Eban had not had an opportunity to phrase his proposal with precision, he suggested the following tentative wording which might be inserted as a separate paragraph in the resolution:

"Calls upon all the Governments concerned to assist the parties in the maintenance of the armistice pending the establishment of peace, and to refrain from importing into their countries arms and war material, except for the due requirements of their national security."

5. Eban informed me that he has made this suggestion to Cordier and to Byron Price, who have undertaken to transmit it to the Acting Mediator who at present is in Los Angeles. Bunche apparently is expected to be able to give his reply to Eban

within the next two days. Similarly, Eban has approached the Norwegian and Argentine delegations, both of whom he said reacted favourably to his suggestion. He has approached the United States delegation and they have undertaken to give him their reply within the next two days. It was his intention, he informed me, also to approach the United Kingdom delegation. If the United States Government are unwilling to support his suggestion, Eban said he would not press it as without their support he doubted if it would succeed. Moreover, as the United States is one of the principal potential suppliers of military equipment to the Middle East, he considered United States support was essential if any practical effect was to be given to the suggestion. In the event that military equipment were to be freely imported into the Near East, Eban said his Government, albeit reluctantly, would be forced to take steps to see that Israel's military position was no weaker than that of her Arab neighbours.

6. I did not of course offer any comment on Eban's suggestion, merely informing him that I would transmit his suggestion to you. I made it clear I was not in a position either to know what your reaction would be, or how soon you would be prepared to give him an answer.

7. In the course of his remarks, Eban confirmed reports which we have been receiving from the Secretariat that the negotiations in Lausanne are now proceeding with greater success. Eban said a settlement of the refugee question, which he considered to be one of the principal matters under discussion, seemed more likely as a result of the most recent negotiations. It seems likely he said that a formula whereby each of the countries concerned will agree to take their quota of refugees might be accepted. If such a scheme were approved it was proposed to share the cost amongst the participating countries and the interested international agencies. Eban felt that scheme would offer some hope of reducing to manageable proportions the numbers remaining.

8. In so far as the draft resolution suggested by Bunche is concerned, you will note that the memorandum prepared by the Acting Mediator omits any mention of terminating the functions of the Truce Commission. I understand the omission was deliberate, the Acting Mediator being of the opinion that he was not in a position to suggest the termination of the functions of a body which is a creature of the Security Council. It has been suggested that it might be appropriate, therefore, to amend the present text, expressing appreciation of the Truce Commission's work and suggesting termination of its functions and the transfer of its remaining functions to the Palestine Conciliation Commission.

9. I understand it is the hope of the Secretariat that the Security Council, perhaps in a separate resolution, will decide to express its appreciation of the work of Count Bernadotte and Dr. Bunche. From conversations which I have had with the Secretariat I am informed that it has been suggested it might be more appropriate if one or more of the smaller countries on the Security Council were to present such a resolution. In the event that the Canadian delegation is approached in this connection, it would be useful to learn your views on the matter in advance.

10. I am informed by the Secretariat that the Security Council is expected to meet to consider the Acting Mediator's report at the end of next week. It would be use-

ful, therefore, to receive your comments on the report, and to learn whether we could support the text which has been suggested by the Acting Mediator.²² Ends.

89.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 881

New York, August 2, 1949

CONFIDENTIAL

Palestine. Reference my teletype No. 864 of July 29th.

1. We have learned informally from the Secretariat that the Acting Mediator is likely to take the view that the proposal made by Eban for continuation for a limited period of the arms embargo is unrealistic. Bunche apparently would be opposed to the idea on the following grounds: (1) continuation of the embargo would only serve to increase the importation of arms through underground means; (2) it would raise the difficult question of supervision and the reestablishment of teams of observers; (3) in taking action it might appear as if the Security Council was questioning the validity of the armistice agreements. If Bunche is to take this line apparently he would not propose to mention the first two reasons but would base his argument on the third reason.

2. Starnes learned from Noyes²³ of the United States delegation that they have not yet received any comment or instructions from the State Department on Eban's proposal, although they expect to receive these instructions sometime today. The United States delegation, Noyes said, has been considering various alternatives and has been exploring the possibilities of finding a device of an informal nature which would have the same effect as Eban's proposal. Noyes said one possible way of achieving the desired result would be by mutual agreement amongst suppliers nations not to furnish arms and ammunition to the affected countries until the successful conclusion of peace settlements. However, as he pointed out, such a propo-

²² La délégation reçut l'autorisation «to associate Canada with other sponsors» de «a draft resolution to the Security Council expressing appreciation of the work of Count Bernadotte and Dr. Bunche» (Secrétaire d'État aux Affaires extérieures pour le délégué permanent aux Nations Unies, no. 597, le 2 août 1949, DEA/47-B(s)). Le rapport définitif du médiateur par intérim au Conseil de sécurité n'avait pas encore été reçu lorsque cette réponse fut envoyée.

The Delegation was authorized "to associate Canada with other sponsors" of "a draft resolution to the Security Council expressing appreciation of the work of Count Bernadotte and Dr. Bunche" (Secretary of State for External Affairs to Permanent Delegate to United Nations, No. 597, August 2, 1949, DEA/47-B(s)). When this reply was sent, the Acting Mediator's final report to the Security Council had not yet been received.

²³ Charles P. Noyes, Sous-représentant des États-Unis au Comité intérimaire de l'Assemblée générale des Nations Unies.

Charles P. Noyes, Deputy Representative of the United States on the Interim Committee of the General Assembly of the United Nations.

sal to be effective would require the participation of all major supplying nations. Noyes said the United States delegation appreciated the undesirability of taking any action which would have the effect of promoting an arms race in the Near East. However, as in any event the underground supply of arms would probably continue if the embargo were to remain in force, he expressed the personal view that it might be more realistic to lift all restrictions and to allow a more natural balance of power to take place. In addition he was inclined to think that the continuation of the embargo would present considerable administrative difficulties as it would be impossible effectively to enforce the embargo without rebuilding the observer organization, which would hardly be practicable for so short a period of time.

3. Concerning the suggestion made by the Secretariat that a separate resolution be introduced expressing the Security Council's appreciation of the work of Bernadotte and Bunche and their staffs, referred to in paragraph 9 of my teletype under reference, Noyes suggested it might be possible to achieve the same results by a presidential statement, which could then be endorsed by the various members of the Security Council.

4. In this connection a member of the United Kingdom delegation has asked to see Starnes tomorrow morning at 10:15 a.m. to discuss Eban's proposal and I will send you an account of their discussion as soon as possible.

90.

DEA/47-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 604

Ottawa, August 4, 1949

CONFIDENTIAL

Your teletype No. 864 of July 29, Palestine.

1. We have considered the report of the Acting Mediator to the Security Council (Document S/1357)† and in particular his proposals that the Security Council should (a) declare that the armistice agreements render unnecessary the prolongation of the truce, (b) reaffirm the cease-fire order of July 15, 1948, (c) ask the Conciliation Commission to observe the maintenance of the cease-fire, (d) terminate all remaining functions of the Mediator under Security Council resolutions and (e) keep in existence as much of the truce supervision organization as the Conciliation Commission may need in order to maintain the cease-fire and serve the requirements of the various armistice agreements.

2. If the proposals made by the Acting Mediator in the Annex to his report to the Security Council are put to the vote you should support them. If the Canadian Delegation is asked to act as cosponsor of the Acting Mediator's proposals along with two or three other respectable states, you should agree. We are assuming that the U[nited] S[tates and] U[nited] K[ingdom] will vote for the proposals. Should the

United Kingdom introduce clarifying amendments you may support them at your discretion. I should be glad if you would report to Ottawa any proposed amendments of a substantive character on which you may require guidance. If in the discussion you feel it necessary to make a statement, no reference should be made, I think, to the question of the arms embargo. We are not a large supplier country in any case and need not become involved in this aspect of the debate.

91.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 886

New York, August 5, 1949

CONFIDENTIAL

Palestine.

1. You will have seen the account of yesterday's meeting as contained in United Nations press releases No. S.C./993 and S.C./995 of 4th August, and I am forwarding to you today copies of the verbatim record of yesterday's meeting of the Security Council (document S.P.V. 433† and S.P.V. 434†).

2. Immediately prior to the meeting yesterday morning, I had discussions with Austin and with Shone, in which it transpired that the United Kingdom Government was authorized to co-sponsor the resolution with ourselves and with the United States and with any other "respectable" members of the Council who might wish to join us. However, Austin was apparently under instructions not to sponsor the resolution, principally on the grounds that if they were to do so it might place them at a disadvantage vis-a-vis the Soviet Union. It was suggested, however, that if I could obtain authority to sponsor the resolution alone, the United Kingdom and the United States delegations would make prior statements declaring that their Governments would do nothing to promote an arms race in the Middle East and that they would undertake to export only those arms necessary to the legitimate "internal security and defence requirements" of the countries affected. It was suggested that it would be desirable, if possible, to have France, and possibly one other country such as Norway, co-sponsor the resolution with Canada.

3. Accordingly, I undertook to seek your approval of this suggestion and upon obtaining that approval I spoke after the representatives of the United Kingdom and the United States had made their statements concerning the supply of arms, and sponsored the resolution which was appended to the Acting Mediator's report (document S/1365). The Norwegian representative did not feel free to co-sponsor the resolution with me without first obtaining instructions from his Government, and the representative of France did not wish to sponsor it as he had a number of amendments to suggest to the text submitted by the Acting Mediator.

4. You will note from press release S.C./995 that before making my statement, I sought clarification from Dr. Bunche concerning the references to the Conciliation Commission made in paragraphs 5 and 6 of his draft resolution. The United States delegation at the meeting of the Security Council in the morning had pointed out to me in private that in their opinion it would be undesirable to continue to combine the functions of mediation and conciliation with the functions of supervision and enforcement, which had been the case in the past and had been at times a considerable embarrassment to the Mediator and to Dr. Bunche. As I learned from Dr. Bunche that he would have no objection to a proposal to separate these functions and as the suggestion had in fact been made by the representative of France at the morning meeting, I agreed to deal with the matter by asking Dr. Bunche if he saw any objection to a modification of this nature being made to the draft resolution annexed to his report. Dr. Bunche stated that he had no objections to the changes suggested, it being his opinion that it would be altogether to the advantage of the Conciliation Commission if that body were to have no responsibilities of a supervisory or enforcement nature, leaving it to the United Nations Chief of Staff with such personnel as might be necessary to deal with these matters.

5. The Acting Mediator's report received general support from the Council, the representatives of the United Kingdom, the United States, China, Egypt and Cuba indicating that they would be prepared to support the draft resolution suggested by the Mediator with the changes I had indicated. The representatives of Israel and Syria also spoke in support of the Acting Mediator's report, and I learned in private from the representatives of Norway and Argentina that they are also prepared to vote in favour of the resolution. The representative of France while giving support to the Acting Mediator's report and its conclusions had certain suggestions for amendment to the text of the resolution suggested by the Acting Mediator and put forward specific amendments to paragraphs 3, 4, 5 and 6 of the resolution annexed to the Acting Mediator's draft resolution. In addition, the representative of France suggested the addition of a paragraph at the end of that resolution (document S/1364). The amendments to paragraphs 3 and 4 suggested by the representative of France do not appear to us or to the United Kingdom and United States delegations to offer any serious difficulties, and with certain changes in the language it might be possible to accept these amendments. The other amendments suggested by the representative of France do not seem acceptable, and particularly the amendment he suggested for paragraph 6, which reads as follows:

"Requests the Conciliation Commission to take, in conjunction with the Secretary-General of the United Nations, any measures necessary to ensure the availability on the spot of the staff required for the operation of these armistice agreements."

This, it is felt not only by ourselves and the United Kingdom and United States delegations, but by the Acting Mediator, would have a very serious effect upon the armistice agreements. Dr. Bunche spoke in this sense just before the adjournment of the afternoon meeting of the Council, pointing out the necessity in his opinion for retaining the reference to "the United Nations Chief of Staff of the truce supervision organization". This, he pointed out, accords with various provisions that were worked out in the armistice agreements. Moreover, he said, the French

amendment would introduce a new element into the agreements, namely the Palestine Conciliation Commission, which the French delegate himself had earlier stated should not be done.

6. As it appeared desirable to the United States and the United Kingdom delegations and to ourselves to attempt to clear up these difficulties with the French delegation before the next meeting of the Council (which is scheduled for 11.30 a.m., Monday, 8th August) a meeting between the delegations of France, the United Kingdom, the United States and ourselves and the Acting Mediator has been arranged for today in an effort to work out a compromise wording which would be acceptable.

7. In regard to the resolution expressing appreciation of the work of Count Bernadotte and Dr. Bunche, in accordance with the instructions contained in your teletype No. 597 of 2nd August, when the delegation of Norway indicated that they would wish to co-sponsor such a resolution with us, we drafted a joint resolution, the text of which has now been circulated to members of the Council in document S/1362. It would be my intention to introduce this resolution at the conclusion of the debate on 8th August, and I have no reason to doubt that it will receive the unanimous support of the Council.

92.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 903

New York, August 9, 1949

CONFIDENTIAL

Palestine.

1. The Security Council met at 10:30 a.m., 8th August, to continue consideration of the report of the Acting Mediator. Prior to the commencement of the meeting I had a short conversation with Chauvel, who informed me that he had received instructions from Paris which would allow him to co-sponsor the new draft of the Canadian resolution, the text of which was reported to you in my teletype No. 892 of 5th August. The only change requested by Chauvel was in the final paragraph of the resolution, where it was agreed to delete the words "of the Truce Supervision Organization" and insert after the words "Chief of Staff" the words "mentioned above." We have now learned that tentatively this resolution will receive the support of nine members of the Council.

2. In view of the French request, I accordingly withdrew the original Canadian draft resolution contained in Document S/1365 and introduced a substitute draft resolution submitted jointly by Canada and France (Document S/1367). Chauvel in turn made a brief statement in support of the resolution and withdrew the French

amendments contained in Document S/1364. The Norwegian representative, Lunde, also spoke in favour of the resolution.

3. The President, Tsarapkin, speaking for the USSR, stated that he favoured direct negotiations between the parties without any outside pressure from the Palestine Conciliation Commission. He said further that he saw no need for continuing the Commission or for maintaining a staff of United Nations observers. It was his contention that the observer functions could be handed over to the parties themselves. He then introduced a number of amendments to the original Canadian proposal contained in Document S/1365. These, he said, would be adapted to the new text of the joint Canadian-French draft resolution (Document S/1367). These USSR amendments are listed in paragraph 9 below and are contained in Document S/1368.

4. After the introduction of the USSR amendments, I received a note from Dr. Bunche who asked me if I would direct a question to him to what effect the elimination of observers would have on the Armistice Agreements. I accordingly suggested that the Acting Mediator give the Council his views on what the effect would be on the Armistice Agreements were the USSR amendments to be adopted. Bunche in reply stated that such amendments would have very serious effects on the Armistice Agreements and would actually nullify important provisions in each of them. He further stated that the Agreements provided for United Nations personnel to supervise their implementation and to take on special duties in certain specific cases, and particularly where demilitarized zones have been established. He was in favour of the withdrawal of observers in due course but said that it was necessary to retain a nucleus until the final peace settlement was reached, or until the Armistice Agreements were changed.

5. Fawzi Bey, speaking for Egypt, said that his country was naturally desirous of eliminating supervision as soon as possible but felt that the Armistice Agreements required the retention of observers for the time being.

6. Eban, speaking for Israel, suggested that the Council might consider the withdrawal of observers except those specified as required by the texts of the Agreements. He considered that the United Nations Chief of Staff was a representative of the Security Council, and that his functions would be those given him by the parties to the Armistice Agreements or by a Security Council resolution.

7. The Syrian representative supported the views given by Egypt.

8. After some discussion it was agreed that the next meeting to discuss the Palestine situation would be held at 10:30 a.m., Thursday, 11th August.

9. The following are the proposed USSR amendments to the former Canadian draft resolution (Document S/1365) which will be adapted to the new joint Canadian-French resolution (S/1367).

(1) Give paragraph 2 of the draft resolution the following wording:

"Expresses the hope that the Governments concerned will, by means of direct negotiations, achieve agreement at an early date on the final settlement of all questions outstanding between them."

(2) At the end of paragraph 3, add the following phrase:

"...and in this connection decides to recall the United Nations observers from Palestine and to release them from their duties, and to disband the staff of the United Nations Truce Supervision Organization."

(3) Give paragraph 5 the following wording:

"Terminates the office of the United Nations Mediator on Palestine."

(4) Delete paragraph 6.

Unless I hear to the contrary the Canadian delegation will vote against these amendments.

10. As regards the meeting on Thursday, I will, as you know, be in Ottawa for the Cabinet defence meeting and the representation will fall to Smith with Ignatieff also present. We do not expect to have to take a material part in the discussion.

93.

DEA/47-B(s)

*Note de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Secretary of State for External Affairs*

Ottawa, August 10, 1949

In view of the concern which you have expressed over the Canadian Press reports of the meeting of the Security Council on Thursday, August 4, I mentioned this matter to Mr. Ignatieff when I was speaking to him on the telephone. He said that he would look into the reports. Later in the day General McNaughton telephoned me to say that he had just seen the reports in the Canadian papers and was very much disturbed by them. They had completely distorted the sense of the Council meeting. General McNaughton said he had discovered that the Canadian Press correspondent did not attend the meeting but had based his stories on the reports in the New York papers. These reports, in view of the special interests of many of the New York papers, were not objective. They had given the impression that the only subject under discussion was the removing of the arms embargo which Eban had mentioned. He himself intended speaking to the Canadian Press correspondent to point out to him that this kind of second-hand reporting was not good enough. On the whole, he said, Alstedter was cooperative and although he was inexperienced he was trying hard. The Delegation would consider further what they could do to assure more responsible reporting.

We have now received the verbatim record of last Thursday's meeting, a copy of which is attached.† General McNaughton's statement (which is flagged), in the opinion of the European and the United Nations Divisions, is strictly in accordance with his instructions. General McNaughton in fact followed Bunche's own explanations and made no special reference to the arms embargo.

I am also attaching, in case you have not see it, the delegation's report of Thursday's meeting.

J.W. HOLMES

94.

DEA/47-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 921

New York, August 12, 1949

CONFIDENTIAL

Palestine.

1. The Security Council met at 10:30 a.m. August 11th, to continue consideration of the report of the A[cting] Mediator (Document S/1357). In my absence Arnold Smith represented Canada, with Ignatieff also present.

2. The first speaker, Chauvel of France, stated that his Government's position with regard to the supply of armaments was along parallel lines to those of the United States and the United Kingdom. He then dealt with the USSR amendments to the joint Canadian-French resolution, which were reported to you in paragraph 9 of my teletype No. 903 of 9th August, none of which were acceptable to the French delegation.

3. The next speaker, Austin, said that the United States strongly supported the joint Canadian-French resolution and laid stress on the fact that our resolution explicitly reaffirms and continues the "cease-fire" order. The order to the parties to observe a "cease-fire" should, he said, continue in force and be binding upon all parties, and this result would be achieved under the terms of the Canadian-French resolution. It was his opinion that it would only be appropriate for the Security Council to withdraw its "cease-fire" order when a permanent peace had been achieved in Palestine. Austin went on to say that the Soviet proposal to withdraw all United Nations personnel from Palestine would disrupt the armistice agreements, each of which provides that the United Nations should furnish a Chairman for the mixed Armistice Commissions whose Chairman in each case is designated as the Chief of Staff or a senior officer of the United Nations observer group in Palestine. He then went on to criticize, point by point, the remaining Soviet amendments and stated that he hoped the Council would reject them all and approve the joint resolution of Canada and France.

4. The Chairman, Tsarapkin, speaking for the USSR, stated that he did not consider the various arguments against the Soviet amendments convincing. He laid stress on direct negotiations and did not favour any participation by a third party, namely, the Conciliation Commission. He did, however, concede that the Soviet amendment to give paragraph 5 of the original Canadian resolution (Document S/1365) the wording "Terminates the office of the United Nations Mediator on Pal-

estine" was unnecessary, as a similar effect is achieved in paragraph 5 of the new Canadian-French resolution. He wished, however, further to revise the Soviet amendments, so as to adapt them to refer to the Canadian-French draft resolution instead of the original Canadian draft resolution. Thus, paragraphs 6, 7 and 8 of the joint Canadian-French resolution should, he proposed, be deleted. These revised Soviet amendments are contained in Document S/1375. Tsarapkin also said that if the Soviet amendments were acceptable, he had hopes for a unanimous agreement on the resolution, free from any inconsistencies which he said existed in the French-Canadian text.

5. The Council then proceeded to a vote on the various proposals which were before it with the following results:

(a) The joint resolution submitted by Canada and Norway (Document S/1362) was adopted unanimously, no vote being necessary.

(b) The revised Soviet amendments were all defeated on a paragraph by paragraph vote. The first Soviet amendment was defeated by a vote of 2 in favour (Ukraine and USSR), 2 against (United Kingdom and United States) and 7 abstentions (including Canada). Senator Austin interjected after the vote that he did not wish his negative vote to be considered a veto. (His advisers had expected him to abstain). The second amendment was rejected by the same vote, and the third was rejected by 2 votes in favour to 6 against (including Canada), with 3 abstentions.

(c) The Canadian-French resolution was then adopted by a vote of 9 in favour (including Canada), with 2 abstentions (Ukraine and USSR).

We abstained rather than vote against the first two Soviet amendments because it seemed probable that the USSR would abstain on the final vote, and it seemed unnecessary to do anything to prejudice this. However, we fell in with the majority in voting against the third part of the Soviet amendments.

6. The Acting Mediator, Dr. Bunche, then spoke briefly and expressed his appreciation for the courtesy extended to him by the Security Council and for its invaluable support and assistance.

7. In connection with the joint Canadian-French resolution (Document S/1367), one small amendment was made by Canada to paragraph 2, which changed the words "agreement by negotiations *concluded*" to read "agreement by negotiations *conducted*." The word "conducted" was used in the text of the General Assembly resolution to which this paragraph refers. This small amendment was accepted with no comment.

95.

DEA/47-B(s)

*Note**Memorandum*

SECRET

[Ottawa], October 15, 1949

CANADIAN POLICY ON PALESTINE AT THE UNITED NATIONS²⁴*I. Items on Assembly Agenda—*

Questions relating to Palestine are to be discussed in the Political Committee under three headings:

- (a) An international regime for the Jerusalem area;
- (b) Holy places throughout Palestine—their protection, assurance of freedom of access;
- (c) Assistance to Palestinian refugees.

2. Items (a) and (b) will be discussed together on the basis of reports from the United Nations Conciliation Commission on Palestine. Item (c) will be discussed in connection with two reports—one from the Secretary General, on the outcome of the Assembly resolution asking Members to contribute \$32,000,000 in cash or kind for emergency relief, the other from the Conciliation Commission on plans for repatriation, resettlement and economic rehabilitation of refugees.

II. Proposals of Conciliation Commission for Jerusalem and the Holy Places—

3. The starting point of the discussion in the Assembly about the disposition of the Jerusalem area is the plan submitted by the Conciliation Commission for an international regime for Jerusalem and the protection of the holy places. This plan is summarized in Appendix A.

4. Its main features, explicit and implicit, are as follows:

(a) It meets the requirements of the Assembly resolution adopted on December 11, 1948, which embodies the principle that the Jerusalem area "should be accorded special and separate treatment from the rest of Palestine and should be placed under effective United Nations control".

(b) It appears to us to go as far toward meeting the present views of the interested parties as could be done without impairing the basic principles of the resolution.

(c) It offers a much less rigid and comprehensive scheme of external control than the plan produced by the Trusteeship Council in April 1948, under which an undivided Jerusalem would have been ruled, under the Trusteeship Council, by a

²⁴ Cet énoncé sur la politique canadienne fut acheminé au chef de la délégation aux Nations Unies (Pearson) sous couverture d'une lettre de Heeney. La correspondance au dossier DEA/47-B(s) laisse croire que la lettre explicative fut égarée.

This statement of Canadian policy was forwarded to the Chairman of the Delegation to the United Nations (Pearson) under cover of a letter from Heeney. Correspondence on DEA/47-B(s) indicates that the covering letter was lost.

United Nations Governor normally exercising full executive power and authorized during emergencies to exercise legislative power as well.

(d) It accepts a divided Jerusalem, greatly reduces the secular responsibilities of the United Nations representative, or Commissioner, and assigns to the competence of responsible Arab and Jewish municipal authorities in the two zones all matters not specifically reserved for the United Nations Commissioner or the tribunals and the General Council to be created under the plan.

(e) Unlike the plan of the Trusteeship Council, it was drafted only after attempts had been made both in Palestine and at Lausanne to secure agreement between Arab and Israeli authorities. Consequently during the negotiations conducted by the Conciliation Commission the extent and nature of existing agreement regarding the holy places became more clearly defined.

(f) Finally, the new plan may expect to have the support of the United States, of France (according to a statement made to Mr. Martin by Mr. Schuman) and of the United Kingdom, no matter how reluctant the latter may be. We are informed that the Vatican also favours the plan. Furthermore it conforms to the specific recommendations made by Canada at Assembly meetings in 1947, 1948, and 1949.

5. The plan suffers, however, from one serious practical limitation. It does not call for, nor rest upon, agreement of the two national parties immediately concerned, the Israelis and the Arabs. It has been flatly rejected by the government of Israel because it limits the sovereignty of Israel over the Jewish-populated area of Jerusalem, and Israeli authorities insist that this part of the city must be established as the capital of their country. Moreover, we are not altogether certain that Jordan will agree to the proposals, though the opposition of that country might be overcome by further mediation. Without some concord in principle between these two peoples the plan will be beset from the outset with grave difficulties.

III. *Action by the Assembly—Possible Alternatives*

6. The position would not necessarily be eased by a retreat from the principle of internationalization. It has not been demonstrated yet that the proposal for an international commission responsible only for the protection of the holy places, operating in an area divided between Arab and Israeli control, could be effectively carried out. The intensity of religious and political sentiment focussed on the Jerusalem area and the intricate pattern of rights established there by a great variety of sects may make any plan difficult to operate.

7. One course of action open to the Assembly would be to approve the plan of the Commission as being likely to result in a solution which would in the long run best meet the legitimate interests of all the religious and secular authorities concerned. On these grounds the Assembly would urge Israel and Jordan to accept the plan. As soon as the Secretary-General had been informed of their acceptance, the plan would be put into operation. Since the Assembly has itself no legal or other power to force Israel and Jordan to accept the plan, the Assembly would have to rely upon the United Kingdom and the United States, France and other powers with influence in the region to bring pressure to bear on Israel and Jordan to accept it. The Great Powers would, through diplomatic channels, use the means of persuasion which Great Powers possess.

8. Alternatively the Assembly might proceed, after approving the plan in principle, to provide means for the further study of problems relating to its application. The experiment might be tried of sending to Jerusalem an able negotiator to see whether the parties might not be brought, under the direct encouragement of the Assembly, to modify their positions if there were a prospect of securing an agreed settlement. Since the interests of the Great Powers are directly engaged in the creation of more stable conditions in the Middle East, it might be expected that they would also exert their influence in the same direction as the Assembly.

IV. *Canadian Policy—*

9. The immediate role of the Canadian delegation should be to keep itself informed of policy trends among delegations representing all the interests directly involved in the Jerusalem controversy. While the delegation of Israel develops its plan for establishing a United Nations Holy Places Commission in Jerusalem on a treaty basis, the Canadian delegation should ascertain what position is likely to be taken on the internationalization of Jerusalem by Catholic countries, by Russian and Greek Orthodox interests, by Christian Arabs in Palestine, by Moslem countries, particularly the Arab group, and by Orthodox Jewish communities both in Palestine and in the Diaspora. If any tendency to consider introducing a new stage in the negotiations, such as is suggested in paragraph 8, should manifest itself, the Canadian delegation, without developing a detailed plan of its own, should stress the necessity of keeping the terms of reference of a Special Commissioner as flexible as possible, so that he may have room for manoeuvre and free play for his powers of persuasion and conciliation. It is most desirable also that the United Nations representative should strive to induce the parties concerned to take the lead themselves in seeking a peaceful settlement in consonance with the interests of the United Nations.

V. *Assistance to Palestinian Refugees—*

10. Israel has not agreed yet to the principle of repatriation of Arab refugees embodied in the Assembly resolution of 11 December 1948. It has intimated on the contrary that it will only permit the return of 100,000 refugees, including 15,000 who have already managed to find their way home and some 10,000 who are expected to come back under a special arrangement for the return of wives and young children of heads of Arab families legally resident in Israel. Syria and Jordan have agreed in principle to accept a certain number of refugees who may be unwilling to return to Israel. Lebanon and Egypt, already over-populated, have been unable to make similar offers.

11. Meanwhile about 940,000 Arabs are on relief rolls, many of them receiving less than 1200 calories a day. Relief workers have threatened to withdraw from the area entirely unless the United Nations will guarantee a minimum of 1500 calories a day for all refugees, and a minimum supply of blankets, tents and fuel for the winter months.

12. The Economic Survey Mission appointed by the Conciliation Commission to evolve practical plans for submission at the present session of the Assembly has been in the Middle East since mid-September. It is to report on measures to overcome the economic dislocation caused by the Palestine conflict and on economic

measures conducive to peace, as well as on specific measures to facilitate repatriation, resettlement and rehabilitation of refugees. The Mission, finding that tension relating to the refugee situation is becoming increasingly serious, is said to be concentrating on a two-year work relief programme to begin in the spring, to tide over the refugees until their repatriation or resettlement can be arranged on a definitive basis.

VI. *Canadian Policy—Refugees*

13. The Assembly may be asked to consider only two issues in relation to refugees—(a) the question of immediate emergency relief for the coming winter and (b) the approval of the Economic Survey Mission's interim plan for refugee self-support pending a final settlement.

14. If majority support develops in the Assembly for the provision of adequate emergency relief for the refugees during the coming winter on humanitarian grounds, Canada would go along with the majority. The same principle would apply to a resolution approving any proposals which the Economic Survey Mission may make for an interim work relief programme for Palestinian refugees. It will continue, however, to be Canada's position that a permanent settlement of the refugee problem should be arrived at as soon as possible.

15. The Conciliation Commission found that the repatriation and resettlement of refugees depends so largely on where the boundaries of Israel are to be established that the refugee problem and the boundary question can no longer be dealt with as two entirely separate issues. In the interests of an early settlement of the refugee problem the Canadian delegation should therefore be on the alert for useful opportunities to engage in discussions of how a boundary settlement may be expedited, particularly since a permanent regime for the Jerusalem area must also be affected by the boundary agreement.

[PIÈCE JOINTE/ENCLOSURE]

APPENDIX A

INTERNATIONAL REGIME FOR JERUSALEM AREA AND PROTECTION OF HOLY PLACES

Proposals of the Conciliation Commission

(a) The United Nations to have "full and permanent authority" over the Jerusalem area, embracing about 65 square miles;

(b) A United Nations Commissioner, responsible to the General Assembly, to supervise demilitarization of the area and observance of human rights and to ensure the protection of and free access to holy places;

(c) The existing division of the area into Arab and Jewish zones to be continued, with Arab and Jewish municipal officials exercising all administrative powers not specifically reserved under the instrument;

(d) Services of common interest, maintenance of public order and economic development of the Jerusalem area to receive the attention of a mixed, appointive General Council;

(e) Disputes between Jewish and Arab authorities and disputes regarding holy places to be heard by an international tribunal of three members elected by the General Assembly and Security Council;

(f) Civil and criminal cases involving residents of either zone and non-residents to be heard by a mixed tribunal;

(g) The existing proportion of Jewish to Arab inhabitants to be maintained in the Jerusalem area;

(h) The Commissioner to employ guards to protect holy places and roads leading to them in the Jerusalem area;

(i) Holy places outside the Jerusalem area to be protected under guarantees given by Israeli or Arab authorities, the Commissioner to supervise implementation of these guarantees, with disputes being submitted at his discretion to the International Tribunal.

96.

DEA/47-B(s)

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 384

New York, November 26, 1949

RESTRICTED

Palestine.

Twelve delegates have spoken so far in general debate which might be summed up as follows.

2. First there is attitude of Israel in favour of mild functional internationalization concerned with protection of Holy Places only and to be effected by means of agreement between United Nations and Israel as regards Jewish portion of Jerusalem.

3. Secondly there is attitude of Australia, supported by Salvador, in favour of reverting to proposal for territorial internationalization as provided by resolution of November 29th, 1947, and taking action accordingly at fifth session of General Assembly. This may well have been inspired by political motives, and before it could be put into effect Israel and Jordan might reach agreement and put United Nations before new fait accompli. Egypt has expressed sympathy for Australian proposal insofar as territorial internationalization is involved. Soviet Union, judging by amendment which it has produced, would favour similar proposal except that it would entrust elaboration of statute to Trusteeship Council rather than to enlarged Conciliation Commission.

4. Thirdly there is attitude of Turkey, France, United States, United Kingdom, Belgium, Brazil, Haiti and Syria, all in favour of Conciliation Commission report, viz. an international regime providing for the maximum local autonomy for the two zones. Some of them however (France, Belgium, Cuba and Haiti) mentioned with

various degrees of insistence that they would welcome something closer to resolution of 1947.

5. It appears that there will be substantial majority for third solution. Israeli delegation has made it clear however that such a solution would be highly unpopular with people of Israel and could not easily be put into effect.

6. Considering all the circumstances, conciliation report appears to be middle ground between Australian position and position of Israeli Government, and it seems to us advisable to support it. We propose therefore to prepare short statement in support of Conciliation Commission report which, subject to further consideration here and in Ottawa, we might use on Monday or Tuesday. Will you please therefore advise as soon as possible.

97.

DEA/47-B(s)

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 354

Ottawa, November 29, 1949

SECRET

Your telegram No. 384 of November 26, Jerusalem.

We agree with the view that the plan of the Conciliation Commission represents middle ground between Israeli and Australian positions and that it should be supported in principle by the Canadian delegation in the general debate. We regard the plan as better adapted to conditions actually prevailing today in Jerusalem than the proposals of the Trusteeship Council which the Australian resolution commends.

2. In the statement of United Kingdom policy transmitted to you under cover of teletype No. 211 of October 31† it was indicated that one of the reasons which had led the United Kingdom to support the Conciliation Commission's plan was because the United States government, main sponsor of the plan, believed it would be able to overcome Israeli opposition. We do not know how the United States intends to proceed in the matter, but presume you will be kept informed.

3. Various expedients for reducing the gap between the proposals of Israel and those of the Conciliation Commission are doubtless being discussed by many delegations. With this purpose in mind we might, if you thought it wise, support in sub-committee an amendment of Article 5 (maintenance of the present "demographic equilibrium" of the City of Jerusalem). If you agree we might also support any amendment to give the plan greater flexibility, as for example by adding to it the Trusteeship Council's proposal that the Jerusalem regime should be re-examined after a given period of operation. We would not suggest this, however, except as a means of securing Israel's agreement to the Assembly's resolution.

4. We have wondered whether you would consider it worth while to throw out a suggestion in discussions with members of other delegations that a United Nations

liaison officer might be appointed to discuss with the governments of Israel and Jordan the detailed preparations which should be made before the actual arrival of the Commissioner. This might be a means of winning greater local support for the proposed international regime. We feel that anything which can properly be done to help the government of Israel to modify its present uncompromising stand while retaining the support of its own public would be useful.

5. We have received no United Nations press summaries on the Jerusalem debate over the Thanksgiving week-end and are not *au fait* with the mood and circumstances in New York which may render impracticable any such move at this juncture. But if more time can be gained and the possibility of negotiation kept alive, the worst consequences of matching the irresistible and the immovable might be avoided.

6. We should be interested to have your comments on the story by Thomas Hamilton on the Palestine debate on pages 1 and 29 of the *New York Times* for Sunday, November 27.

98.

DEA/47-B(s)

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 406

New York, November 30, 1949

CONFIDENTIAL

Palestine.

1. The Ad Hoc Committee decided today, Tuesday, to set up a 17 member sub-Committee to study all proposals so far submitted in connection with the internationalization of Jerusalem and the protection of the Holy Places. This sub-Committee will also examine any other proposals submitted to it, and attempt to present an agreed resolution or resolutions to the Ad Hoc Committee within 3 days i.e. by Saturday, December 3rd. Canada was nominated to this sub-Committee and will be represented by Mayrand. Other States nominated to the sub-Committee were Australia, El Salvador, Ukraine, Israel, Cuba, Lebanon, Netherlands, Iraq, Uruguay, Egypt, India, Sweden, Greece, Mexico, Peru and the Soviet Union. We did not press for membership on this sub-Committee but as a number of delegations were keen that we serve we did not deem it advisable not to accept membership.

2. The sub-Committee held its first meeting on Tuesday immediately following adjournment of the Ad Hoc Committee and appointed Dr. Castro of El Salvador as Chairman and the Swedish member as Rapporteur.

3. In the meantime the Ad Hoc Committee will continue with the consideration of the item of assistance to Palestine refugees and will return to the sub-Committee's report as soon as it is available. In this connection we would appreciate your early

comments on the proposed resolution on assistance to Palestine refugees forwarded under our teletype No. 377 of November 25th.†

99.

DEA/50134-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 411

New York, December 1, 1949

SECRET

Palestine.

Sub-Committee held two fruitless meetings yesterday, Wednesday, when it failed even to agree on procedure to deal with its task.

2. With reference to paragraph 5 of my telegram No. 384 of November 26th, you will have noted that further developments in general debate did not corroborate prognostic [*sic*] which I made, viz., that there would likely be substantial majority for Conciliation Commission plan. Arab delegations other than Syrian and Jordan, most Latin American and pro-Soviet delegations reverted to resolution of November 29th, 1947, and supported it almost as if resolution of December 11th, 1948, did not exist. It thus happened that delegations favouring Conciliation Commission plan spoke at the beginning of debate and this gave us false impression which I reported.

3. In talks with various Latin American delegates I have ascertained that their Governments have simply decided to follow Vatican directives whatever their merit may be. Those who have direct knowledge of conditions in Palestine will agree privately that territorial internationalization will be most difficult to implement; yet in their speeches and votes they behave as if they had no serious apprehensions in this regard. It is somewhat ironical that these extremists are generally in agreement with delegates of Soviet Union and Ukraine, who are both on Sub-Committee.

4. Yesterday, with a view to starting on more realistic basis, we supported Netherlands proposal that Sub-Committee first determine the principles which should govern a solution without referring specifically to any of the previous resolutions and plans. Sweden, Australia, Israel, Uruguay and Peru also voted for this proposal which however was not adopted (7 in favour, 7 against and 2 abstentions); and I am afraid that attempt will be made today to adopt plan of 1947 as basis for discussion. There may be some significance in fact that the two Latin-American delegations which voted with us were those which were represented on UNSCOP. I may add that Dr. Paul Mohn, former Swedish alternate on UNSCOP, later collaborator of Bernadotte and until very recently United Nations consultant on Palestine, is himself of opinion that plan of 1947 simply could not be peacefully imposed upon Israel. Members and staff of Conciliation Commission and experts from the Secretariat who have returned from Palestine share the same view.

5. In the circumstances, unless change in situation occurs, we propose to maintain attitude of reserve, merely laying emphasis whenever possible on the practical aspects rather than to take open initiatives for less rigid internationalization, as this might be misinterpreted without giving positive results.

6. I am sending you by bag text of draft resolution which French delegation have in mind to introduce in Committee if no satisfactory solution can be reached at present Assembly. It provides, inter alia, for the immediate appointment of a United Nations Commissioner for the Holy Places in Palestine and invites Israel and Jordan to do nothing which might compromise the establishment of an international regime for the Jerusalem area by the Fifth Assembly. Your views on it would be much appreciated.

100.

DEA/50134-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 416

New York, December 2, 1949

RESTRICTED

Palestine.

1. Sub-Committee in night session yesterday adopted following draft resolution on Jerusalem:

"The General Assembly,

HAVING regard to its Resolution 181 (II) of 29th November 1947 and 194 (III) of 11th December 1948,

HAVING studied the reports of the United Nations Conciliation Commission for Palestine set up under the latter resolution,

BELIEVING that the principles underlying its previous resolutions concerning this matter, and in particular its Resolution of 29th November 1947, represent a just and equitable settlement of the question,

DECIDES

In relation to Jerusalem,

1. To restate, therefore, its intention that Jerusalem should be placed under a permanent international regime, which should envisage appropriate guarantees for the protection of the Holy Places, both within and outside Jerusalem and to confirm specifically the following provisions of the General Assembly Resolution of 29th November 1947 (A/519, P.146):

(1) The city of Jerusalem shall be established as a *corpus separatum* under a special international regime and shall be administered by the United Nations;

(2) The Trusteeship Council shall be designated to discharge the responsibilities of the administering authority...and

(3) The city of Jerusalem shall include the present municipality of Jerusalem plus the surrounding villages and towns, the most eastern of which shall be Abu Dis; the most southern Bethlehem; the most western, Ein Karim (including also the built-up area of Motsa); and the most northern Shu'Fat, as indicated on the attached sketch-map (annex B).†

2. To request for this purpose that the Trusteeship Council at its next session, whether special or regular, complete the preparation of the Statute of Jerusalem (T/118/Rev.2), omitting the now inapplicable provisions, such as Articles 32 and 39, and, without prejudice to the fundamental principles of the international regime for Jerusalem set forth in the Resolution of 29th November 1947, introducing therein amendments in the direction of its greater democratization, approve the Statute, and proceed immediately with its implementation. The Trusteeship Council shall not allow any actions taken by any interested Government or Governments to divert it from adopting and implementing the Statute of Jerusalem.

CALLS upon the States concerned, to make formal undertakings, at an early date and in the light of their obligations as members of the United Nations that they will approach these matters with good will, and be guided by the terms of this resolution."

2. Vote on the whole draft resolution was as follows: 9 in favour (Egypt, El Salvador, Greece, Iraq, Lebanon, Peru, Ukraine, U.S.S.R., Australia), 6 against (Cuba, Israel, Mexico, Netherlands, Sweden, Uruguay), and 2 abstentions (Canada, India). We explained our abstention by reiterating our doubts as to whether this constituted a realistic approach [to] problem at the present time and indicated that we might alter our position in committee after having better ascertained will of the majority to carry out such a resolution.

3. This was passed as revised Australian draft resolution amended by El Salvador (in paragraph 1) and by Lebanon (in paragraph 2). Original Soviet amendments were all defeated, although Lebanon incorporated Soviet idea of reference to Trusteeship Council.

4. Report of sub-Committee to main Committee will enclose adopted draft resolution, together with other texts upon which no action was taken. The latter include the Conciliation Commission plan and a new Netherland proposal which I am sending you by bag.

5. Question of Jerusalem will not revert to full Committee before tomorrow and possibly not before Monday. We propose to give it serious consideration today, after which we may be in position to make concrete suggestions to cope with this very difficult and delicate situation. Meanwhile would appreciate any guidance as well as information concerning latest reactions of the Canadian public.

101.

DEA/50134-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 378

Ottawa, December 3, 1949

SECRET

Your teletypes no. 411 and 416 of December 1 and 2, Jerusalem. Following for the Minister from Heeney. Begins:

The position you have taken in support of the Conciliation Commission plan and Canadian abstention in Subcommittee left our hands free to continue to search for a solution. (We note that you like ourselves are concerned by the Russian support for the Australian resolution in Subcommittee.) We hope with you that everything possible may be done to avoid the Assembly committing itself to a course of action that the United Nations is not in a position to carry out, or that conditions in the Jerusalem area render impracticable. Conversely international concern about the Holy Places must be satisfied.

2. Our own position, already made clear by Gen. McNaughton, is that the settlement should not be postponed if this can possibly be avoided, that we are very doubtful about the practicability of the resolution of November 1947, and that the plan of the conciliation Commission, supported as it is by the three Western great powers, offers a reasonable basis for settlement.

3. If a two-thirds majority is not forthcoming in favour of the establishment of an international regime, we would judge from paragraph 6 of teletype No. 411 that the French plan might be useful from our point of view. It is true that it appears to postpone a final settlement and it goes further toward meeting the views of the inhabitants than the plan of the Conciliation Commission for which we have declared. But it does propose to establish a United Nations official in Jerusalem to safeguard the Holy Places, and it provides time and opportunity for further negotiation to which we attach importance.

4. If therefore there is an opportunity to consider an alternative resolution, whether the French, the Netherlands or another, which avoids the dangers of the Australian resolution, we would think it should be favourably considered.

5. Pending the receipt of texts of new proposals we should like to suggest the importance of precise terms of reference for the United Nations Commissioner, and a firm declaration by the Assembly of the principle of United Nations responsibility for protection of the Holy Places.

6. I suppose that you may yourself have an opportunity on Monday to bring the matter before Cabinet if you consider that desirable in the circumstances. Ends.

102.

DEA/50134-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 383

Ottawa, December 5, 1949

SECRET

Following from Heeney. Your teletype No. 416 of December 2, Jerusalem.

Following is text of a memorandum which the Minister has asked me to send you for the consideration of the Canadian delegation. It is offered as a suggestion on which action may be taken if a two-thirds majority cannot be obtained in the Assembly in support of the Conciliation Commission's plan for modified territorial internationalization of Jerusalem or for the more far-reaching Australian resolution as amended. Text begins:

"2. We have wondered whether it would not be possible after all to secure at this Assembly a recommendation which might be carried into effect immediately with the consent of all concerned. Israel and Jordan both feel they are capable of administering the holy places in a manner which would commend itself to the Christian world. Both have made definite offers. Both show a disposition to try. If no other plan is supported by a two-thirds majority, would it not be possible to capitalize on the anxiety of Jordan and Israel to show what they can do by appointing them officially as the administering authorities for the Arab and Jewish zones of Jerusalem respectively—that is to say, as the legally designated representatives of the international community?

"3. If the Assembly merely calls upon Israel and Jordan to cooperate in doing or refraining from doing certain things until the fifth session, the United Nations will be likely to forfeit forever its claim to exercise authority in the Jerusalem area. If, on the contrary, Israel and Jordan accept appointments as administering authorities from the United Nations, the continuing responsibility of the United Nations will be clearly established.

"4. The appointments might be made on some such conditions as the following:

(a) Agreements would be concluded between the United Nations and the two administering authorities providing for the observance of human rights and setting forth the principles applying to the protection of holy places.

(b) The appointment of Israel and Jordan as administering authorities would be reviewed at stated intervals. Provision would be made for territorial readjustment if the final peace settlement between Israel and Jordan should call for the establishment of a boundary which does not follow the present armistice demarcation line.

(c) A small United Nations Commission resident in Jerusalem would act in an advisory capacity to the governments of Israel and Jordan, with special concern for the manner in which agreements regarding the protection of holy places and obser-

vance of human rights are carried out. Membership of the Commission might change from time to time so as to distribute the responsibility fairly.

(d) The United Nations Commission would report at regular intervals to the Secretary General of the United Nations on the manner in which both governments had fulfilled their duties.

"5. Israel may be reluctant to accept an appointment as administering authority for the new city at the hands of the United Nations, since it claims sovereignty over that area in its own right. This may be an advantage, however, because it will give Israel an opportunity to yield what it regards as an important point in a spirit of accommodation, thus making it easier for Christians in their turn to make the corresponding concession which the plan would represent for them. A settlement based on an appeal to the magnanimity of Israel and Jordan might also contribute substantially to a genuine pacification of Palestine as a whole.

"6. If Israel and Jordan were to put on their mettle to satisfy the international community it might be possible in this instance to combine the morally desirable with the practical. Moreover, it has been recognized as a sound principle of United Nations policy that the maximum use should be made of the independent and cooperative instincts of nations in working out the solution to their own problems. This is probably wise for an organization which does not possess executive power and is committed to promoting reforms without interference in the internal affairs of member states."

103.

DEA/50134-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 434

New York, December 5, 1949

SECRET

Palestine.

1. Political Ad Hoc Committee met this morning to consider report of Sub-Committee. French delegation, although with some reluctance, said they would vote for it. United States delegation spoke strongly against the report of Sub-Committee as impracticable and expressed hope that compromise solution would be found.

2. The following texts are now before the Committee:

(1) Proposal of the Sub-Committee, together with Cuban amendment, which I am sending to you under separate telegram;

(11) Bolivian proposal for functional internationalization to be elaborated by Special Commission of 7 members, and which would be the object of a special conference in the beginning of 1950. I am not sending you the text of this proposal as its author intends to withdraw it in favour of the Netherlands-Swedish proposal;

(111) Netherlands-Swedish proposal, the text of which is also being sent to you under separate telegram.

3. It seems to us that the Netherlands-Swedish proposal is closest to the original conciliation Commission plan and represents the best compromise to date. I propose to vote for it.

4. Tomorrow's proceedings will open with a question of procedure as some of the delegations would like to have the Netherlands-Swedish draft resolution put to vote first, contrary to usual practice. I think there is good ground for this suggestion, since no compromise solution was examined in Sub-Committee. I propose, therefore, to support this suggestion.

5. If the Netherlands-Swedish proposal comes first, I propose to vote in favour. If the proposal of the Sub-Committee (amended Australian resolution) comes first, I propose to vote in favour of the Cuban amendment, which corrects it to a large extent. If the Cuban amendment is defeated, I propose to abstain in the vote on the proposal of the Sub-Committee. If you desire that I would vote differently, I suggest that you let me know by telephone at the Biltmore not later than ten o'clock tomorrow morning, if possible.

104.

DEA/50134-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 8, 1949

JERUSALEM

Yesterday in the Special Political Committee of the United Nations General Assembly a draft resolution proposed by Australia, the Soviet Union and Lebanon for the purpose of establishing an international regime for the Jerusalem area was adopted by a vote of 35 to 13 with 11 abstentions—enough votes to carry the proposal in the Assembly itself.

2. The proposal is that the Trusteeship Council should administer Jerusalem and its environs on behalf of the United Nations. The Trusteeship Council would be asked to complete the articles of a statute for the Jerusalem area, approve it and put it immediately into effect. The Trusteeship Council must not allow any action by interested governments to divert it from carrying out the obligation laid on it by the Assembly. Arabs and Jews would be asked, meanwhile, to make formal undertakings that they will be guided by the terms of the Assembly resolution.

3. The consequences of the resolution would be the following:

(a) Jerusalem, Bethlehem and an area of some 65 square miles would be fully administered by the United Nations.

(b) Nazareth, Capernaum, the Sea of Galilee and a number of other places in Palestine held sacred by the Christian world would not come under international

administration but would be covered by guarantees which Arab and Israeli authorities are ready to give.

(c) The actual control over the eastern and western portions of the Jerusalem area which Jordan and Israel now exercise would have to be surrendered to the United Nations. Israel has stated it cannot do this. Jordan has made no official statement since yesterday's vote was taken but is known to fear the consequences of withdrawing its troops from the Arab zone of Jerusalem.

(d) The cost to the United Nations of the regime for 1950 is estimated tentatively at \$8,150,000 exclusive of expenditure which might be occasioned by local disturbances. There would be a continuing annual charge on the United Nations but this would be offset by revenues from the area which cannot yet be estimated.

4. All advice we have received from those who are acquainted with conditions in Palestine confirms statements made at Lake Success that the direct administration of a United Nations Governor cannot be established peacefully. It has seemed to the Canadian delegation that even if the Assembly had the power to make binding decisions and the United Nations possessed an army to enforce Assembly decisions, the use of force in this case would defeat the purpose of the resolution, which is to preserve the peace of Jerusalem and protect holy places and the interests in the area of three world religions. The Mandatory Power, which had at its disposal experienced troops under unified command, found it impossible to guarantee public security in Jerusalem after 1945, when the inhabitants adopted a policy of opposition to the regime.

5. The Canadian delegation therefore gave its support to a resolution which seemed more practicable than the plan which the committee has now recommended and which was closer to the plan of the Conciliation Commission. The plan supported by the Canadian delegation would also have set up an international regime in closer conformity with the Assembly resolution of December 11, 1948. With regard to the draft resolution which the Committee adopted yesterday the Canadian delegation, like the delegations of the United Kingdom and United States, has expressed doubts that it could ever be carried out. The Canadian delegation abstained in yesterday's vote. The United Kingdom and United States voted against the resolution.

6. It is probable that efforts are now being made to persuade abstainers to vote against the resolution in the Assembly. If five of the eleven abstainers were to do this the resolution would be lost. Whether or not the Canadian delegation should continue to abstain when the Committee's resolution is submitted to the Assembly in plenary meeting is the question which the Cabinet will now have to decide.

A.D.P. H[EENEY]

105.

DEA/50134-40

Note pour le sous-secrétaire d'État aux Affaires extérieures
Memorandum to Under-Secretary of State for External Affairs

[Ottawa], December 8, 1949

Mr. Pearson told me following the discussion on Palestine in Cabinet this morning, that the Government has decided that the delegation in New York should abstain on the resolution concerning Jerusalem which had been adopted in the Committee and which would be voted on in Plenary tomorrow. He added, however, that the Government is concerned about the implications of the resolution and that, if there were any satisfactory alternative resolution for the delegation to support, they would be disposed to instruct the General to vote against the Australian resolution.

2. I have spoken to the General on the telephone, and given him this information. He said that the United States delegation was now urgently casting about for some alternative resolution calling for further investigation that could be put before the Plenary session tomorrow. It told the General, therefore, that his instructions now were to abstain on the Jerusalem resolution in Plenary session. If, however, any alternative resolution emerged before tomorrow he might ask for a reconsideration of these instructions.

3. I attach a copy of a telegram confirming these instructions, which I am giving to the Minister for his signature.

R.G. RIDDELL

106.

DEA/50134-40

La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures
Permanent Delegation to United Nations
to Secretary of State for External Affairs

TELEGRAM 459

New York, December 8, 1949

SECRET

Jerusalem.

1. Reference my telephone conversation this afternoon with Riddell, the situation is now as follows:

2. We have now been assured by The Netherlands and Swedish delegations that they will reintroduce their resolution in plenary tomorrow morning and speak strongly in support of it. I hope, therefore, that in view of this development, you

can authorize me to support this joint resolution, and to vote against the Ad Hoc Committee resolution initiated by Australia.

3. There are indications that several delegations may withdraw support from the Australian resolution (and some may oppose it) and give support to the Swedish-Netherlands resolution. Thus, it is not impossible that the Swedish-Netherlands resolution may be carried and the Australian resolution defeated.

4. The United States delegation have informed us that they have not yet received instructions but are hoping to get authority to support the Swedish-Netherlands resolution. Another possibility, which the United States is considering, is to introduce a "stop-gap" resolution, which would ask the Secretary-General, in agreement with the Palestine Commission, to appoint a Commissioner in Jerusalem, with the dual responsibility of,

(a) Looking after the Holy Places, and

(b) Working out a long-term plan for consideration by the next session of the General Assembly. The United States delegation tell us that this "stop-gap" device is less likely, since the Swedish-Netherlands decision this afternoon to re-introduce their joint resolution, than it had been this morning when it seemed necessary as a last resort.

5. The United Kingdom delegation tell us that they hope to have authority to support the Swedish-Netherlands resolution.

107.

DEA/50134-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 799

Ottawa, December 8, 1949

SECRET

This will confirm the instructions communicated to you on the telephone this afternoon by Riddell concerning the resolution on Jerusalem. You will abstain in the Plenary session on the resolution. You may consider it necessary to explain your vote, and in so doing, you should refer to the misgivings which we have already expressed concerning the practicability of the plan.

2. If, between now and the time that a vote is taken, an alternative resolution is presented to the Assembly for its consideration, and if you consider that this alternative resolution has substance and has some possibility of being carried instead of the resolution which was reported from Committee, I should be grateful if you would inform us immediately of these circumstances, in order that we may reconsider the position. Ends.

108.

DEA/50134-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 464

New York, December 9, 1949

SECRET

Palestine.

General Assembly today adopted draft resolution on internationalization of the Jerusalem area as recommended by Ad Hoc Political Committee. Vote on the whole resolution was 39 in favour, 14 against and 6 abstentions. We voted negatively on every part as well as on the whole, all by roll call.

2. Other negative votes were those of Costa Rica, Denmark, Guatemala, Iceland, Israel, Norway, Sweden, Turkey, South Africa, United Kingdom, United States, Uruguay and Yugoslavia. Abstentions were those of Chile, Dominican Republic, Netherlands, New Zealand, Panama, and Thailand.

3. Soviet Union re-introduced amendment for dissolving United Nations Conciliation Commission but this was rejected by 5 votes in favour, 43 against and 8 abstentions.

4. Before vote on main draft resolution took place, Uruguay and Denmark introduced motion to adjourn the debate on the item of Palestine during the present session and to hold a special session of the General Assembly at the date to be fixed by the Secretary-General in consultation with the members of the United Nations. This gave rise to lively debate as President wanted to put motion to vote in accordance with Rule of Procedure No. 70. French delegate thereupon proposed to adjourn the meeting was given priority and defeated. We voted in favour.

5. As for motion of Uruguay and Denmark this was also defeated by roll call vote of 21 in favour, 33 against and 5 abstentions. We voted in favour.

6. Tomorrow in plenary the question of appropriations for implementing the decision on Palestine will be under consideration. Yesterday the Fifth Committee decided that the implementation of the resolution would require \$8,150,000 during 1950, of which \$4,000,000 would be appropriated immediately, the balance to be called for only if the experience indicated that this would be required during 1950. The Soviet Union, however, have recommended that only \$3,000,000 should be appropriated. In the Fifth Committee we abstained on the question of appropriations. However, it is our opinion that now that the Assembly has taken a decision we should support the estimate made by the Fifth Committee to carry out the Assembly resolution. Otherwise we might be accused of attempting to obstruct the implementation of the resolution by the provision of inadequate funds.

109.

DEA/8903-E-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, December 21, 1949

MR. MAYRAND'S VISIT TO MGR. VACHON RE JERUSALEM

In accordance with your request, Mr. Mayrand paid a visit to Mgr. Vachon²⁵ on December 20. It was very cordial and lasted about one and a half hours.

2. Mr. Mayrand explained how the Jerusalem item had been dealt with at the General Assembly and left with the Archbishop copies of the resolutions and amendments, as well as copies of General McNaughton's speeches of November 29 and December 9.

3. Mgr. Vachon admitted he was unaware of the technical elements of the issue and felt unable to oppose our thesis. He said he could only note that we had acted contrary to the wishes of the Holy Father and that this was very embarrassing to him. Actually the Holy Father had expressed his regret that the government of a country having such an important Catholic population as Canada had voted against the full internationalization of Jerusalem.

4. Mgr. Vachon showed to Mr. Mayrand a copy of *The Canadian Register* of December 10, which praised the Canadian Government for having been "on the side of justice". It was clear that the author of the article had not understood the situation too clearly. Nevertheless, *The Canadian Register* had been ordered to publish a retraction in its next issue.

5. Mgr. Vachon added he was the more grieved because the Government had not yet found it possible to appoint a special Ambassador or Representative to the Vatican for the Holy Year. The Catholic authorities, both in Rome and in Canada, had much difficulty in finding an excuse for this negative attitude. Mr. Mayrand said he would bring this view to your attention.

6. Mr. Mayrand also intimated that you or Mr. St. Laurent would be quite willing to discuss further the Jerusalem problem with Mgr. Vachon, if the latter so desired. Mgr. Vachon, however, found this was unnecessary.

7. In connection with the same problem, you may be interested to know that Mr. Mayrand saw Mr. Camille L'Heureux of *Le Droit* last week and pointed out to him the inaccuracy of this first article on the Jerusalem issue. A few days after, Mr. L'Heureux wrote another article in which he mentioned that there was ground for the attitude taken by the Canadian Government although such Canadians who favoured the Australian resolution were none the less sincere.

²⁵ Le Très révérend Alexandre Vachon, archevêque d'Ottawa.
Most Rev. Alexandre Vachon, Archbishop of Ottawa.

8. Mr. Mayrand also paid a visit to Father Barthelemy, Commissioner for the Holy Land in Ottawa. Father Barthelemy is a distinguished Franciscan who spent years in Palestine and Lebanon. Mr. Mayrand had no difficulty in convincing him that the Catholic Church had apparently made a serious mistake. When Mr. Mayrand asked him how he could explain such a mistake, Father Barthelemy said he was afraid it was due to deep ignorance of the situation. Since then, however, Father Barthelemy has been more reticent as he seems naturally afraid of compromising himself in regard to his ecclesiastical authorities.

9. A copy of this memorandum has been sent to Mr. Léger of the Prime Minister's Office.

A. H[EENEY]

SUBDIVISION III/SUBSECTION III

INDONÉSIE

INDONESIA

110.

DEA/50054-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], January 4, 1949

INDONESIA

The "police action" undertaken by the Netherlands in Indonesia on December 18 created a serious problem of the Security Council which had been attempting, through the Committee of Good Offices, to assist in bringing about a peaceful settlement of the Indonesian problem. The Dutch action was brought immediately to the attention of the Security Council, and a resolution was tabled by the United States, Columbia and Syria, which called for an immediate cease-fire and for the withdrawal of Netherlands troops to positions occupied before the recent operations were commenced. The resolution also called for the immediate release of Indonesian leaders who had been imprisoned by the Dutch.

2. This resolution was vigorously supported by the United States Delegation and by the representatives of Australia and India who attended the Council for the discussion of this problem. The U.S.S.R. Delegation proposed a much more vigorous denunciation of the Netherlands, and eventually refused to support the United States resolution because it did not go sufficiently far. The Canadian representative on the Security Council was instructed to vote for the first part of the resolution (cease-fire order), but to abstain on the second part of the resolution (withdrawal of troops). These instructions were maintained, in spite of representations from the United States, India and Australia, and in spite also of the fact that the United Kingdom supported the United States position. The reasons for the policy of the

Canadian Government in refusing to support the demand for the withdrawal of Netherlands troops are the following:—

(a) the proposed action seemed precipitate, particularly in view of inadequate information.

(b) it was doubtful whether the Netherlands authorities, having taken action to invade the Indonesian Republic, could or would in fact re-establish the truce lines.

(c) there was no evidence that the United States or any other State which supported the demand upon the Dutch for the withdrawal of their troops, intended to advocate any further steps if the Dutch refused to acquiesce. The Canadian Delegation to the Security Council has avoided where possible, initiating action which might lead to sanctions, if there was not good evidence that the powers which would be principally responsible for imposing the sanctions would, in fact, take this responsibility;

(d) the action proposed, in any case, seemed unduly severe in contrast with the much more tentative policy adopted in the Security Council in relation to problems such as Greece and Palestine.

3. It was realized at the same time that the action of the Dutch in Indonesia had created serious problems in the relations between the Western Powers and the peoples of South East Asia. Instructions were therefore sent to the Canadian Ambassador in The Hague, asking him to inform the Netherlands authorities of the concern of the Canadian Government over the probable results of their action, and to point out to the Dutch the responsibility that now lay upon them to take action which would assure the peoples of Indonesia that their national aspirations would be rapidly fulfilled.

4. The Netherlands authorities have made rapid progress in their military operations in Indonesia, and these operations will soon be completed, if they have not already ceased. It is not yet certain, however, that the Dutch will not encounter severe continuing guerilla operations, and it may, in fact, be difficult for them to maintain peaceful conditions in Indonesia.

5. In statements in the Security Council, the Netherlands representative has now given assurances that the Netherlands Government intends to proceed rapidly with the establishment of the Indonesian federation, including the Republic of Indonesia, according to plans which had previously been announced. The Netherlands Prime Minister has also gone to Indonesia for the purpose of initiating new discussions with Indonesian leaders whom he hopes will co-operate. In the meantime, however, there have been indignant protests from the U.S.S.R., Australia and India over the failure of the Security Council to take disciplinary action against the Netherlands.

6. Since the discussions took place in the Security Council, both the United Kingdom and the United States Delegations have indicated that they were not as insistent as they had originally indicated on punitive action against the Dutch. The Canadian Ambassador in Washington has reported that the State Department regards the Australian position as being somewhat irresponsible, and in a statement in the Security Council itself, the United Kingdom representative referred to the "impetuosity" of the Council's actions. These evidences of a more restrained attitude on the part of the United Kingdom and the United States are an additional

indication of the wisdom of the restraint with which the Canadian Delegation acted on this subject.

7. The problem of Canada's relations with the countries of South East Asia, and the relations of Western Powers generally with this area, nevertheless remain serious. The action of the Dutch appears to the people of Asia, and in particular to the Indians, as a recrudescence of outmoded imperialism, and they are critical of the failure of Western European countries on the Security Council to insist upon punitive action against the Dutch. It may therefore be necessary to make certain that Canada's position is adequately understood, particularly in New Delhi.

E[SCOTT] R[EID]

111.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 18

Ottawa, January 5, 1949

SECRET

Indonesia.

1. A background memorandum outlining developments in Indonesia during 1948, the discussion of the Indonesian question in the Security Council during 1948 and the attitude of various interested governments towards this problem including the stand taken by Canada is being sent to you by this afternoon's bag.

2. You have already received by despatch or teletype copies of all communications dealing with the Indonesia question. From them you will be able to see the instructions which were sent to our representative in Paris. These instructions still stand.

3. An effort will probably be made by certain delegations to raise the question of the non-compliance of the Netherlands with certain parts of the Resolutions already agreed to by the Security Council in December. You will see the statement that Van Royen made indicating what steps the Netherlands Government would take to comply with the case-fire order, the release of political prisoners and facilities for the Good Offices Committee. We are inclined to doubt whether the Netherlands Government will go beyond these statements at this time and whether there is anything practicable that the Security Council can now do to ensure more literal adherence to its Resolutions.

4. Some question will probably be raised regarding a change in the terms of reference of the Good Offices Committee in view of the disappearance of one of the parties, the Indonesian Republic. It is a fact that the Indonesian Republic, as a more or less autonomous party to the dispute, has radically changed its form. However, we have no information that the Dutch intend to break up the Republic as a state. We think it would be unwise to be over-hasty in altering the terms of refer-

ence of the Good Offices Committee until it is possible to see more clearly just what future role it can appropriately play.

112.

DEA/50054-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-27

Washington, January 6, 1949

SECRET

Following for Pearson from Wrong, Begins: Reference EX-17† and 18.²⁶

Stone saw Dean Rusk yesterday late afternoon to discuss Palestine and Indonesia. This message concerns itself with the latter problem. I shall deal with Palestine in a following teletype.

Rusk said that the problem of Indonesia was "crucifying" them. The State Department had hoped that some solution might be found before the serious effects of the mess on the most important aspects of United States foreign policy began to be felt, and before the United States itself (presumably as distinct from the United Nations as a member of the Security Council) was forced to get too tough with the Dutch—which, in Rusk's view, would also have an adverse effect on foreign policy generally. He was very much afraid that this would not now be possible unless the Dutch themselves in the near future were to make some effective and dramatic move towards furthering Indonesian independence.

Rusk said that they were very deeply worried in the State Department about the increasing anti-Dutch sentiment in Congressional circles (particularly in the Senate). If this sentiment should continue to increase at its present rate he shuddered to think what might happen to E.R.P. legislation (on which hearings begin on January 24th), Atlantic Pact, etc. They were already under heavy pressure, he said, to use E.R.P. as a sanction. Quite apart from the fact that they had successfully maintained what he described as "the very wise decision" never to use E.R.P. as a political weapon—if one were once to start, where would it end?—the amount that Indonesia was actually receiving was a drop in the bucket in its national economy, and to cut it off would, in Rusk's view, be an ineffective sanction if the Dutch were determined not to deviate from their present course.

Rusk was sure that E.R.P. and colonialism would get together in Congressional minds. There have already, in fact, been indications of this and he said that the people concerned in the State Department dreaded the embarrassing questions which might be put forward calling for explanations of E.R.P. assistance to the Netherlands in terms of Dutch action in Indonesia. An amusing, if it were not so

²⁶ Document 75.

serious, aspect of this situation is that it will offer a golden opportunity to Right-Wing Republicans to pose as Liberals.

In public opinion, Rusk said, forces are being let loose which might be uncontrollable. (He compared the situation to the anti-British feeling arising out of the Palestine business last June.) He said he was being "waited upon" two or three times daily by representatives of organizations which normally are 100% behind a firm and courageous United States foreign policy—National Council of Churches, C.I.O., A.F. of L., various women's organizations, etc.—protesting against Dutch action and urging the United States Government to take very strong and often irresponsible measures. Worst of all, he said he could see a possibility of this Indonesian trouble driving liberals and isolationists into each others arms.

He thought that official statements from here would be more and more condemnatory and tougher in tone. Cochrane has been withdrawn from Indonesia. They are impressed both in the State Department and in the Pentagon that without exception everyone from here who has been in Indonesia has gone out pro and returned anti-Dutch. The stupidity of the whole thing from the strictly military view horrifies the Pentagon.

Rusk asked whether we had put in a word of any kind with the Dutch, and if not would we consider doing so. Stone said that apart from what might have been said by Ritchie to Van Royen on a personal basis, he did not think we had. He undertook to pass on to you the suggestion that we might. In particular, Rusk thought, if you would agree, that it might be useful for us to emphasize to the Dutch the serious trend of Congressional and public opinion as we had observed it in the United States. He had the impression that there was a similar trend in Canada.

Finally, Rusk asked Stone to ask you most earnestly to pass along any ideas that you might have which would help towards a solution.

Since the above message was prepared, and only this morning, (due to holiday delays both in the Department and in this Embassy), a copy of your No. 170²⁷ to our Ambassador in the Hague has reached me. I shall inform Rusk of the line that Dupuy was instructed to take. I should be grateful if you would let me know if and when you send further instructions to Dupuy in the light of this message. Ends.

²⁷ Volume 14, Document 161.

113.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in The Netherlands*

TELEGRAM 6

Ottawa, January 7, 1949

SECRET

General McNaughton, in his capacity as president of the Security Council this month, will have the task of attempting to conciliate the opinions of the Security Council members on the Indonesian question. During the past week we have had an opportunity to observe reactions to developments in Indonesia and have noted increase of anti-Dutch sentiment which will certainly find expression in Security Council discussions. Declarations of Netherlands delegate at Security Council, while giving an indication of Dutch desire to respect Council's resolutions, are coming to be regarded as evasive in substance and not in fact indicating any willingness on part of Dutch to depart from original plans.

2. Canadian Ambassador in Washington has reported that popular and Congressional opinion (especially in Senate) in the United States is increasingly anti-Dutch and strong pressure is being put on American Government to take lead in measures against the Netherlands and to use ERP as a sanction.

3. Calling by India of conference of Asiatic nations to discuss ways of helping Indonesians is indicative of repercussions among Eastern countries. If Dutch fail to alter present policy and to make conciliatory moves, prospects of East-West division will be greatly increased and Indonesians will be encouraged to intensify guerilla activities and thus render solution of Indonesia's problems more difficult.

4. Popular opinion in Canada, while more cautious than that expressed in United States, shows a growing tendency to criticize Dutch and to urge that Canada's delegation to the Security Council take a stronger stand than at previous discussions on Indonesia.

5. In paragraph 2 of our telegram No. 170 of December 26 I stressed grievous consequences of Dutch action and heavy responsibility now resting on Netherlands to demonstrate the good faith of their intentions in regard to the ultimate solution in Indonesia. In view of trend in Canadian and United States public opinion and of strong possibility of Asiatic nations taking an irrevocable stand at forthcoming Delhi Conference, I would be glad if you would again communicate our views to the Netherlands authorities and inform them that unless some further generous concession is made very soon to assuage public opinion in Asian countries in particular we foresee increase in popular pressure on United States and Canadian Governments to adopt a sterner attitude toward Dutch policy in Indonesia and we foresee increasing difficulty on that account for Canadian Chairman of Security Council in maintaining discussion on a temperate and realistic basis. Ends.

114.

DEA/50054-40

*L'ambassadeur aux Pays-Bas
pour le secrétaire d'État aux Affaires extérieures*

*Ambassador in The Netherlands
to Secretary of State for External Affairs*

TELEGRAM 4

The Hague, January 10, 1949

SECRET

Reference your telegram No. 6, dated January 7th, concerning Indonesia.

2. Substance of your telegram was immediately communicated to the Netherlands Foreign Ministry who agree that something spectacular should be done to release tension before Tuesday's Security Council meeting.

3. They have called Batavia to request full details be sent to Van Royen concerning movements of military and consular observers, giving places where they have arrived or are proceeding to.

4. On his arrival in Batavia, Thursday last, Dr. Drees²⁸ had conversations with Netherlands local authorities and non-Republican Indonesian Federalists. Contact with Republican leaders established through latter, and first meeting including Federalists, Republicans and Dutch is scheduled to take place Monday, January 10th. It is not yet certain whether Van Royen will be able to report on these conversations as early as Tuesday.

5. Out of 23 Republican leaders captured by the Dutch, 19 have already been unconditionally released. Remaining 4 are Soekarno,²⁹ Hatta,³⁰ Salim³¹ and Sjahrir,³² and Netherlands Foreign Ministry has strongly advised Batavia to effect their early release, without knowing, however, how soon this could be done owing to local conditions.

6. Netherlands Cabinet has approved declaration to be made by Van Royen inviting foreign observers to come to Indonesia to supervise elections as in Greece and Korea. Instructions to this effect have to be confirmed by Drees from Batavia.

7. Foreign Minister hopes that outside world has appreciated spectacular moves of sending Netherlands Ambassador, London, and Prime Minister to Batavia, and of broadcast by the Queen renewing her mother's pledge to replace former Colonial regime by federation of free and equal partners on democratic basis.

²⁸ Dr. Willem Drees, premier ministre des Pays-bas.

Dr. Willem Drees, Prime Minister of the Netherlands.

²⁹ Président de la République d'Indonésie.

President of the Republic of Indonesia.

³⁰ Mohammed Hatta, vice-président et premier ministre de la République d'Indonésie.

Mohammed Hatta, Vice President and Prime Minister of Indonesia.

³¹ Hadji Agoes Salim, ministre des Affaires étrangères de la République d'Indonésie.

Hadji Agoes Salim, Foreign Minister of the Republic of Indonesia.

³² Sutan Sjahrir, ancien premier ministre de la République d'Indonésie.

Sutan Sjahrir, former Prime Minister of the republic of Indonesia.

8. Your suggestions in telegram under reference greatly appreciated by the Foreign Minister, and any future suggestions will be welcomed.

115.

DEA/50054-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Prime Minister*

SECRET

Ottawa, January 11, 1949

INDONESIA

During the past week there has been a virtual cessation of hostilities in Indonesia. It is clear, however, particularly from discussions at Lake Success where the Security Council is considering Indonesia, that further action in regard to Indonesia will be expected from the Security Council.

2. General McNaughton presided at Lake Success on January 7 when Dr. van Royen, the Netherlands representative at the Security Council, made a statement that a cease-fire was now fully in effect in Indonesia and that several political prisoners had been released. However, Dr. van Royen admitted that President Soekarno, Premier Hatta and two other prominent Republican leaders were still in custody. The Netherlands policy was criticized by the representatives of India, the Philippines and Australia, the first two of whom suggested the United States should suspend Marshall Plan aid to the Netherlands.

3. One disturbing element in the Indonesian situation is the extent to which it is affecting Commonwealth relations. At a meeting of Commonwealth High Commissioners in London, the High Commissioners for India, Ceylon and Australia expressed vigorous dissatisfaction with United Kingdom policy, and urged the United Kingdom to join in an unequivocal condemnation of the action of the Dutch. The United Kingdom, however, is attempting to avoid action in the Security Council which would make it more difficult for the Netherlands Government to modify its policy, and at the same time is pressing the Netherlands authorities to establish an interim government in Indonesia at once, and to announce immediately the date for the transfer of power to the Indonesians.

4. Meanwhile, the Australian Delegation in New York is endeavouring to place before the Security Council a resolution condemning the Dutch and insisting that they withdraw their troops to the positions occupied prior to the recent police action. General McNaughton does not think that a resolution in this extreme form will carry. There is, however, a strong feeling in the Security Council that additional pressure should be put on the Dutch. He considers, therefore, that the Canadian Delegation should be permitted, if necessary, to support a resolution generally in the following terms:

(a) Regretting the fact that the Netherlands authorities have not yet fully complied with the resolutions of December 24 and 28. (These are the resolutions calling for a cease-fire and the liberation of Indonesian political leaders.)

(b) Requesting the Committee of Good Offices to submit specific proposals for the restoration of peaceful conditions in Indonesia, and for the resumption of negotiations between the Dutch and the Indonesian leaders. (A resolution in similar terms was put forward by the Canadian Representative during the meetings of the Security Council in Paris, but did not then have sufficient support for adoption.)

E[SCOTT] R[EID]

116.

DEA/50054-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], January 15, 1949

RE: INDONESIA

During the past week there have been no hostilities in Indonesia apart from sporadic guerilla activities by scattered Republican bands. Premier Willem Drees of the Netherlands is now in Indonesia and it is reported from The Hague that negotiations are progressing between Republican and non-Republican Indonesians and the Dutch. Despite the Security Council resolution of December 28, calling for the liberation of Indonesian political leaders, President Soekarno and Premier Hatta are among those still in custody.

2. Considerable pressure has been put on the Netherlands Government to make some dramatic and immediate move towards demonstrating their good faith in Indonesia. Canada has pointed out to the Netherlands Government the necessity for some such move before the conference, on January 20, of Asiatic nations who were called together by Mr. Nehru to discuss ways and means of helping Indonesia.

3. A stiffening of United States policy towards the Netherlands was indicated at the Security Council meeting of January 11, when Dr. Jessup, the United States representative, made a vigorous denunciation of the Dutch and stated they had failed to comply with the Council's resolutions calling for a cease-fire and release of prisoners. Dr. Jessup was strongly critical of the Netherlands Government's failure to co-operate with the Committee of Good Offices in Indonesia. He went on to suggest some of the fundamental principles which the United States Government considered should be incorporated in any Security Council resolution aimed at resolving the present dispute.

4. Discussion on Indonesia was resumed at the Security Council meeting of Friday, January 14, at which Dr. van Royen, Netherlands representative, replied to Security Council criticisms of Netherlands policy which, he said, had shown "obvious bias and unfairness". Dr. van Royen reiterated previous claims that the Security Council was not competent in the Indonesian question and suggested that this question of competence be submitted to the International Court of Justice. At the end of his statement, Dr. van Royen gave an outline of his Government's plans for the future of Indonesia which were to include the transfer of sovereignty to the United

States of Indonesia in the course of 1950. The Canadian delegate has reported by telephone that Dr. van Royen's statement was so carefully hedged around with qualifications that it did not make a favourable impression on members of the Council.

5. Attached copy of telegram No. 51 of January 14† gives a text of a proposed United States resolution which spells out in some detail the steps which the United States consider should be taken to resolve the Indonesian dispute. This resolution leaves little latitude for the Dutch and provides for:

- (a) release of political prisoners.
- (b) reconstitution of the government of the Republic of Indonesia.
- (c) deadlines for the accomplishment of various steps leading to the establishment of a Federal Government for Indonesia and transfer of Netherlands sovereignty.
- (d) endowing the Commission with powers to recommend solutions of problems if the parties do not agree.

6. The Security Council will meet again on Monday afternoon. It is hoped that agreement can be reached on a resolution by Wednesday, January 19 as the Asian Conference has been called for January 20 and the United States Presidential inauguration also takes place on that date and will tie things up for the rest of the week. General McNaughton is meeting with the United States and United Kingdom delegates on Monday morning at eleven o'clock and wishes to be able to give them some indication at that time of our attitude toward the United States draft resolution. He has learned that the United Kingdom will probably support the resolution. The United States delegate has asked if we would be prepared to sponsor the resolution jointly with other members. General McNaughton thinks the resolution is a good one and recommends that we support it. The Cubans and Australians are trying to promote stronger resolutions. General McNaughton thinks that, with some minor amendments, the United States draft resolution is workable and while it will not be liked by the Dutch, it is probably the best they can get.

7. I recommend that we inform General McNaughton that he can tell his United Kingdom and United States colleagues that there has been a generally favourable reaction to the draft resolution here. We would, however, like a little more time to consider the workability of its detailed provisions and to learn the reactions of other delegations including the Netherlands. However, should the resolution be pressed to a vote before he can consult with us further, he may support the resolution with any minor amendments he considers would improve its workability.³³

E[SCOTT] R[EID]

³³ Notes marginales/Marginal notes:

I agree with the above. Why shouldn't we raise the point in discussion of the resolution as to what, if anything, the Security Council is prepared to do if a reconstituted Indonesian Govt is quite unable to maintain law & order or to prevent its extremists crossing the boundary and murdering Dutch & Indonesian-Dutch citizens. LB P[earson]
Also raise the question of the necessity of applying similar principles to similar situations.
E[scott] R[eid]

117.

DEA/50054-40

*Note du secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Secretary of State for External Affairs
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], January 17, 1949

I saw the Netherlands Chargé d'Affaires this afternoon who told me that his government could not possibly accept the United States resolution on the Indonesian question which is, according to their information, to be produced today at the Security Council. He went over the objections they had to this resolution, with which you are already familiar. I told him that we also had some reservations on certain parts of the resolution, but I did not give him any details about our proposed amendments. Van Blokland³⁴ felt that the resolution was so bad from their point of view that it was beyond amendment, but I told him that he should wait and see what could be done to it before coming to any decision.

Van Blokland was particularly incensed at the reports which the G.O.C. were now sending back from Java and which he said were false and possibly malicious.

I also emphasized the very great importance of the Netherlands Government going to the extreme limit, and then beyond that, in concessions to make it possible for their friends to support them in this unhappy business. He said that on this point his government hoped to be able to produce very shortly some positive proposals which would help. He agreed that it was not enough merely to damn resolutions to which they objected and that they must produce something on their own which was acceptable to other democratic countries as well as to their own public opinion.

LB P[EARSON]

118.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 69

Ottawa, January 17, 1949

SECRET

Your telegram No. 51 of January 14† forwarding text of United States draft resolution on Indonesia.

2. This draft resolution would be generally acceptable to us with the three changes outlined in paragraph 6 of this telegram.

³⁴ Jonkheer G. Beelaerts van Blokland, conseiller, ambassade des Pays-bas au Canada.
Jonkheer G. Beelaerts van Blokland, Counsellor, Embassy of the Netherlands in Canada.

3. We recognize the need for the Security Council to assume a more positive role in the Indonesian dispute at this time by setting a timetable for the achievement of Indonesian self-government and through empowering the Committee of Good Offices to recommend solutions where the Netherlands and Indonesian Republicans fail to agree. At the same time, there are certain dangers in the Security Council attempting to lay down a comprehensive and far-reaching programme such as those contained in the U.S. resolution. A realistic balance should be found between the need for giving public assurance of international support for the legitimate aspirations of Indonesian nationalists for the early realization of full self-government and the need to ensure the workability of any proposed solution by making it possible for the Netherlands to go along with the plan. You might therefore continue to make use of your position as President of the Security Council to avoid being too closely identified at the outset with any one proposed solution. We suggest, therefore, that you limit yourself to informing the United Kingdom and the United States delegations informally and confidentially that there has been a generally favourable reaction to the draft resolution in Ottawa. You might add that you would hope to be able to support the resolution but that your final attitude would depend to some extent upon the amendments made in the draft resolution and the reactions of other delegations. You would not be able to act as a joint sponsor of the resolution in its present form. You would then go on to discuss our proposed amendments outlined in paragraph 6 below.

4. If you have not been able to secure these amendments at the informal meeting in the morning, and if the resolution in its present form is submitted to the Council, you should, at the conclusion of the general debate in the Council on this draft resolution, say that you thought that the United States draft resolution merited careful clause by clause consideration. In the detailed discussion of the draft resolution, you should then endeavour to secure inclusion of changes proposed in paragraph 6 below. In addition, if there is any evidence that the Dutch have not rejected this draft resolution out of hand and are giving serious consideration to the workability of its provisions from their point of view, you should make an effort to see that any constructive amendments they may suggest are given due consideration.

5. Before the resolution is brought to a vote you should ask for instructions on whether you could support it, letting us know whether you are reasonably satisfied that in the light of the discussions and the amendments adopted the resolution is a reasonably viable one.

6. We have three amendments to the United States draft resolution to suggest:

(a) *Transfer of Sovereignty to U.S.I.* We think it would be desirable to consider some qualification of the terminal date for the transfer of sovereignty to the United States of Indonesia. Otherwise it might be claimed by the Netherlands that by refusing to negotiate in good faith for the conclusion of a statute of Netherlands-Indonesian Union the United States of Indonesia could achieve complete separation from the Netherlands. While this may be an inherent right and possible ultimate development it is not contemplated in the Linggadjatti and Renville Agreements. We therefore suggest that a semicolon should be placed at the end of paragraph 3(c) and the following words added immediately thereafter, "provided that if no agree-

ment on the terms of the Netherlands-Indonesian Union is reached by March 1, 1950, the Commission shall immediately report to the Security Council with its recommendations for a solution of the difficulties."

(b) *Commission Voting Procedure.* This is a controversial point. In the past the Belgian member of the GOC has been able to exercise a sort of veto power by refusing to subscribe to sections of the reports proposed by the other two members of the GOC. On the other hand there is a possible danger that the Australian and United States members of the commission may act impetuously on occasion. We are inclined to think, therefore, that consideration should be given to amending the last sentence of the first provision of paragraph 4 to read, "The Commission shall make its recommendations to the parties by majority vote. However, its reports and recommendations to the Security Council shall present both majority and minority views if there is a difference of opinion among the members of the Commission."

(c) *Return of Administration to the Republican Government.* In our opinion the fourth provision of paragraph 4 should be amended so that the Commission would be empowered only to "recommend" and not to "determine" the extent to which areas should be progressively returned to the administration of the Government of the Republic of Indonesia. We suggest therefore that this provision might be amended to read as follows: "The Commission shall, after consultation with the parties, recommend the extent to which, consistent with reasonable requirements of public security, areas in Java, Sumatra and Medura (outside of the city of Jogjakarta) should be progressively returned to the administration of the Government of the Republic of Indonesia, and shall supervise such transfer. The Commission shall, after consultation with the parties, recommend, which if any Netherlands forces shall be retained temporarily in any area in order to assist in the maintenance of law and order. Should either of the parties find itself unable to accept the recommendations of the Commission mentioned in this paragraph, the Commission shall report immediately to the Security Council with its further recommendations for a solution of the difficulties."

119.

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*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 72

Ottawa, January 17, 1949

TOP SECRET

My telegram No. 69. Indonesia.

1. We understand that the United States and United Kingdom delegations are impressed with the desirability of getting a resolution on Indonesia passed before the Asian Conference meets in Delhi on January 20. As President of the Council you will have considerable responsibility for the timetable of the debate. It may be

useful to you to have our views on some of the considerations that should be taken into account in determining the timetable for the debate.

2. The advantage in having a resolution on Indonesia through before January 20 would appear to be that it would go a long way toward dissuading delegations to the Asian Conference from taking action which would circumvent the Security Council or making more difficult a solution of the Indonesian dispute. If a Security Council resolution had been passed, the delegations to the Asian Conference might be content with getting off some oratory, endorsing the Security Council resolution, and going home. On the other hand they might not feel that the resolution adopted went far enough and might press for a further Security Council resolution or take some direct action.

3. If the United States draft resolution had been discussed but had not yet been brought to a final vote at the time of the Asian Conference, the delegations to the Asian Conference might be content to urge passage of the United States draft resolution with such amendments as were discussed at the Conference. In other words the Conference would be given a live and yet reasonably safe subject to discuss and would not be tempted to criticize a decision that the Security Council had already taken, or to take action to circumvent the Security Council. Their discussion would be directed toward assisting the Security Council to determine on a suitable resolution. In this case the Security Council could return to its discussion of the United States draft resolution after the United States Presidential Inauguration weekend, having the benefit of the views of the delegations to the Asian Conference and the well-considered reactions of the Dutch.

4. There may be some pressure put on you as President of the Council to press the draft United States resolution to a vote by Wednesday night. As suggested in the previous paragraph we do not think the reasons for getting a resolution through before January 20 are overwhelming. We do not therefore think that you need permit yourself or the debate to be hustled. This United States draft resolution has such far-reaching implications that there should be provision for the fullest discussion. At the same time we would not wish you as President of the Council to have to assume the responsibility for stalling off a vote without having the concurrence of some of the more important delegations in such action. If you think it wise, therefore, you may discuss the considerations outlined in paragraphs two and three above on a highly confidential basis with your United Kingdom and United States colleagues.

120.

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*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 84

Ottawa, January 19, 1949

SECRET

Your teletypes No. 68 and 69 of January 19 concerning Indonesia, and our telephone conversation this morning.

1. We are glad to note the improvements in the draft resolution. We find difficulty, however, in understanding the United States delegation's objection to our suggested amendment to sub-paragraph (c) of paragraph 3. You state that they consider that no proviso is necessary to this sub-paragraph since it must be read within the context of the first clause of the paragraph. This does not seem to be consistent with the fact that they have agreed to a proviso to sub-paragraph (a) of the same paragraph, which is governed by the same first clause. Moreover the first clause of the paragraph does not make any specific reference to the establishment of the Netherlands-Indonesian Union as envisaged in the Linggadjati and Renville Agreements and therefore sub-paragraph (c) as it now stands could well be interpreted to mean that all the Indonesians have to do is to stall the negotiations and get complete independence outside the Union by July 1, 1950. I should be grateful if you would point this out to the United States delegation and again advance the amendment which we have already suggested.

2. You may inform the United States and the other delegations concerned in this draft that it is in general satisfactory. Nevertheless, we reserve the right after it has been introduced, to put forward certain amendments to improve it.

121.

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*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 85

Ottawa, January 19, 1949

SECRET

1. If you find it necessary to make any statement concerning Indonesia, you might consider including in your statement a reference to the following points:—

(a) In Indonesian, Palestine and Kashmir questions, Security Council has followed a general pattern of procedure. This has been to call for a cease fire as a first step, and to regard maintenance of peaceful conditions as a primary objective of great importance. Council has then proceeded to consider and adopt proposals of

one kind or another leading to negotiations in some form for a peaceful settlement of the question. This method of procedure will not be satisfactory unless it is followed with a reasonable degree of consistency in all cases. The Canadian Delegation, therefore, is concerned over the fact that statements in the Council during the last few months seem to indicate that some members have regarded the cease fire orders in, say Palestine, as being of less urgent and immediate importance than those issued elsewhere. It has been the policy of the Canadian Delegation to attach great importance to action in Security Council calling for a cease fire, and it is our view that, whatever the circumstances, the parties concerned should make every effort immediately to comply when the Council calls upon them to introduce a cease fire.

(b) During the discussions of the Indonesian question, reference has been made to the fact that the Security Council is acting in a more positive manner in regard to the situation in Indonesia than it has in regard to other situations which are equally urgent and even more dangerous to the peace of the world. Particular reference has been made to the situation in the Balkans. Council has not so far, in regard to any question brought before it, endeavoured to do more than bring an end to fighting and to make provision for negotiations to be undertaken. It is regrettable that in some cases the operation of the veto has prevented the Security Council from taking even this preliminary action. This, however, need not prevent the Security Council from taking action which it deems appropriate where it is advisable to do so. It does, however, lay a heavy responsibility on any power like the U.S.S.R. which enjoys the privilege of the veto and which uses it for the purpose of preventing the Security Council from taking even preliminary steps to put an end to fighting and to bring about a peaceful settlement of a dispute, in the case of states in which they have a particular interest, while in other parts of the world they press for drastic and punitive action.

(c) The necessity for an orderly and peaceful development of political change in the Netherlands East Indies has been emphasized in the draft resolution. In this way, responsibilities have been placed not only on the Netherlands, but also upon the Indonesian authorities. The Council must be prepared to regard seriously any inability or failure on the part of the authorities in Indonesia to fulfill these responsibilities and to protect both life and property in the areas under their jurisdiction during the course of the negotiations.

122.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 79

New York, January 20, 1949

SECRET

Your teletype No. 84 of 20th January concerning Indonesia.

1. In accordance with your instructions I again pressed the United States delegation to accept the amendment to sub-paragraph (c) of paragraph 3 which you suggested. I have the additional arguments contained in your message No. 84, namely that their objection to our suggested amendment would not appear to be consistent with the fact that they had agreed to a similar proviso to sub-paragraph (a) of the same paragraph. The United States delegation have agreed for their part to the following amendment, and are prepared to urge acceptance on the delegations associated with them in sponsorship, Begins:

(1) Delete the proviso in sub-paragraph 3 (a). (2) Add an additional sub-paragraph (d) to read as follows: "Provided that if no agreement is reached by one month prior to the dates referred to in sub-paragraphs (a), (b) and (c) above, the Commission referred to in paragraph 4 below, or such other United Nations agency which may be established in accordance with paragraph 4, shall immediately report to the Security Council with its recommendations for a solution of the difficulties." Ends.

2. You will note that this amendment fully covers the proposal given in your teletype No. 69 of 17th January. I propose therefore, unless I hear to the contrary, to accept this wording.

3. You state in your paragraph 2 that I may inform the United States delegation that the draft in present form is "in general satisfactory" but that "we reserve the right, after it has been introduced to put forward certain amendments to improve it."

4. You will recall that in paragraph 3 of your teletype No. 69 of 17th January you instructed me to inform the United States delegation that there had been a "generally favourable reaction to the draft resolution in Ottawa" and that I "would hope to be able to support the resolution."

5. I recognize the tactical advantages of preserving freedom of action as regards acceptance of verbal changes which might improve the resolution as it may be finally adopted. However, the instructions under which the United States delegation is at present operating require it to have advance (repeat advance) assurance from any six other delegations that they will vote in favour before they may introduce the draft resolution.

6. As my present instructions do not enable me to give such an assurance, and also in view of certain amendments proposed by the United Kingdom delegation,

the United States delegation was unable to undertake to introduce a draft resolution at the meeting called for this afternoon and I was therefore obliged to seek the consent of the members of the Council to a postponement for twenty-four hours. In view of the march of events I am sure you will appreciate that it would be most unfortunate if a third postponement could possibly be ascribed to Canada. I understand that the United Kingdom delegation are clarifying their position with London this afternoon.

7. I should be grateful if you could let me know, if at all possible this afternoon, if I may give the United States delegation the following assurance: "Canada will support and vote in favour of the resolution as now amended; if further verbal changes for the purpose of clarification are found necessary, we will consider these on their merits, but if they are not accepted we will support the agreed text as introduced."

8. Since dictating the foregoing I have been informed by Cadogan that the United Kingdom delegation now has authority to vote for (repeat for) the resolution. The clarification of our position is therefore immediately essential.

123.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 88

Ottawa, January 20, 1949

SECRET

Your telegram No. 79 of January 20, Indonesia.

1. You may give the United States Delegation the following assurance: QUOTE Canada will support and vote in favour of the resolution as now amended. We shall not ourselves propose any further amendments to it. If changes are proposed by other delegations, we will consider them on their merits; but if they are rejected by the Council, we will support and vote for the agreed text as introduced. UNQUOTE.

2. In this way you will remain free to support in the Council proposals for changes in the resolution which might make it more satisfactory to the Dutch. If any proposed changes of this nature which you supported, were not accepted by the Council, you would then support the agreed text as introduced.

3. I presume that the text of the new sub-paragraph (d) of paragraph 3 of the resolution should refer to "such other United Nations agency as may be established" rather than "which may be established."

124.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in The Netherlands*

TELEGRAM 15

Ottawa, January 21, 1949

SECRET

Your telegram no. 19 of January 20, re Indonesia.

1. Resolution concerning Indonesia will be introduced in Security Council today by United States Delegation and will be supported by the United Kingdom, China, Cuba, Egypt, Norway and Canada.

2. As discussions in Security Council on Indonesia developed last week, it seemed probable that two or three draft resolutions on Indonesia would be introduced into the Security Council, none of which would secure sufficient support for adoption. The United States Delegation, therefore, undertook to attempt preparation of a draft resolution which could be supported by members such as Cuba who advocated strong action, and also by members such as the United Kingdom and ourselves who had taken a more moderate position. The United States Delegation made it clear from the first that in taking this action it was seeking only to discover whether sufficient agreement could be reached to carry some resolution in the Council, and that it did not intend to submit the draft resolution unless it had assurances that at least seven votes would be cast for it.

3. The Canadian Delegation was instructed to secure three amendments to the draft resolution proposed by the United States Delegation, which we thought would make it less onerous upon the Dutch and easier for them to accept. All these amendments were incorporated in the resolution, and the Canadian Delegation has consequently agreed to support it. We have, however, reserved the right to consider on its merits any amendments to the resolution which may be put forward. We have in mind particularly the possibility that changes in the resolution may yet be made which will make it acceptable to the Netherlands Government.

4. My immediately following two telegrams contain the text of the instructions which were sent to the Security Council Delegation informing General McNaughton that he might support the amended resolution and suggestions to him concerning any statement which he might make in the course of discussions.

5. I should be grateful if you would explain our position to the Netherlands authorities, and in doing so, state that we have been genuinely concerned not to give our support to a resolution unless it has been couched in the most moderate and reasonable terms possible. It is for the Netherlands Government to decide, of course, what attitude it will adopt toward the resolution. We hope, however, that they will eventually formulate their policy in accordance with it. We would be fully prepared to consider on its merits any amendment to the resolution which might be introduced in the Security Council for the purpose of making it more acceptable to

the Netherlands authorities, and we shall also, in any statement which is made by the Delegation, lay emphasis on the necessity for maintaining order and protecting life and property in Indonesia.

125.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 86

New York, January 22, 1949

SECRET

Indonesia.

Upon receipt of your instructions contained in your teletype No. 88, 20th January, an assurance of Canadian support for the [US?] draft resolution was given to the United States delegation in the terms which you specified.

2. The United States delegation upon receiving this assurance circulated, as Document S/1219 of 21st January,† a draft resolution jointly with China, Cuba and Norway. The text, which includes the amendment proposed in our teletype No. 79 of 20th January and which was approved in your message under reference, is given in my preceding teletype en clair.

3. The Council met on the afternoon of Friday, 21st January, and three of the sponsors, Cuba, the United States and China, gave explanatory comments on the text, stressing that the text was essentially a compromise between differing points of view and was not expected to please either party completely or indeed any of the sponsors.

4. Jessup in his statement explained that the resolution was based upon four premises:

(a) The Council must continue to concern itself with the Indonesian question and has an obligation to help reach a pacific settlement.

(b) There were, and are, two parties to the dispute and the realities of this situation have been established by the fact that both parties have agreed to sign an agreement "under the auspices of our agency" (Renville Agreement).

(c) "We do not believe the Council can put its seal of approval on the results of the recent military action...the problem before us is not whether the troops should be withdrawn; the real problem is the method and timing of withdrawal."

(d) "The negotiations should be assisted by an agency of this Council. Both parties have heretofore accepted such assistance; we assume they will continue to accept it."

5. The representative of Belgium also made a general statement in which he recalled the doubts which his delegation have had all along about the competence of the Security Council to deal with the Indonesian question and made the sugges-

tion, which however was not made in a formal proposal, that the question of competence be referred to the International Court.

6. Malik made a statement severely criticizing the draft resolution in detail, particularly the provisions concerning troop withdrawal. He contended that the draft resolution represented a "deal" designed to shield the Dutch aggressors and to protect American monopolies in Indonesia.

7. I consulted both delegations as to a convenient time for the next meeting. Both the Netherlands and Republican representatives wished to have time to consult their Governments and accordingly I have arranged the next meeting for Tuesday afternoon, 25th January, at 3:00 p.m.

8. The preliminary reaction of both parties, though guarded in the absence of instructions from their Governments, indicates that it satisfies neither side. Dr. Palar indicated that the influences of compromise had in his view watered down the effectiveness of the original United States draft, particularly on the question of troop withdrawal. He had received a message from Hatta through the Committee of Good Offices indicating that Messrs. Sjahrir and Leimena would be consulting with Hatta at Bangka and that qualified officials of the Republic would be sent to Lake Success. Van Royen said that he would have to wait until his Prime Minister returned to The Hague before he could get authoritative reaction but he said that he was not very hopeful about acceptance.

126.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 102

Ottawa, January 22, 1949

SECRET

Indonesia.

Yesterday I sent a memorandum to the Prime Minister concerning the memorandum which the Netherlands Charge left with us yesterday for the Prime Minister. The Prime Minister agreed that I should see the Netherlands Charge this morning and try to explain to him our position in regard to the Netherlands memorandum and to suggest to him that the Netherlands authorities consider whether the resolution now before the Security Council could not be made the basis for their future policy in Indonesia, in spite of their misgivings.

2. At my request, Beelaerts came to see me this morning for a 20-minute talk. Reid was also present.

3. He emphasized that the reconstitution of the Republic would create grave psychological difficulties within Indonesia; in particular, it would perpetuate the division among Indonesians between Republicans and Federalists; the Federalists were as good Nationalists as the Republicans. In the opinion of the Netherlands Govern-

ment a solution could only be achieved if the Federalists and the Republicans got together and worked out their own destiny. The resolution would also put a premium on delaying tactics by the Republicans and would stop all progress towards the goal of self-government.

4. I explained frankly to Beelaerts that with very great difficulty we had succeeded in securing United States acceptance of three amendments to the earlier draft of their resolution; that as a price for securing these amendments we had agreed to support the resolution, with the precise understanding, however, that we would be prepared to consider, on their merits, any amendments which any delegation moved to the resolution, and if we considered those amendments to be good we would vote for them. However, if the amendments were rejected we would vote for the resolution as introduced.

5. We had been fully conscious of the danger that the resolution, as originally drafted, might put a premium on delaying tactics by the Indonesians. For this reason we had urged the addition of a general proviso and this has been accepted.

6. The point which I emphasized most in speaking to Beelaerts was that it seemed to us that the passage of the resolution in its present form would, on balance, be in the interests of the Netherlands. The resolution places squarely on the Republicans an obligation to call off guerrilla warfare and to negotiate in good faith with the Netherlands authorities. If the Republicans were unwilling or unable to carry out their obligation to call off guerrilla warfare their incapacity would be demonstrated to the governments and peoples of the world. There would thus be a public demonstration of the validity of the Netherlands position on this question and the hands of the Netherlands Government would eventually be strengthened. The Security Council would then be faced with a situation where it might well be compelled to authorize the Netherlands to act on its behalf in restoring order.

7. If the Republicans demonstrated that they were unwilling to negotiate in good faith, this might, as the Netherlands feared, put off the effective date for the establishment of the Indonesian Union. On the other hand, such a demonstration would again strengthen the hands of the Netherlands.

8. Without questioning the Netherlands contention that the resolution in its present form would create psychological difficulties within Indonesia, I thought that this disadvantage ought to be balanced against the advantage that its acceptance by the Netherlands would serve to lessen the psychological difficulties in the Security Council and in the countries represented on the Security Council. There was a very strong feeling in many of those countries, including our own, that the Netherlands had committed an act of aggression last month. For this reason I indicated that it was scarcely practical politics to suggest that the resolution should not propose a reconstitution of the Republic.

9. I asked whether there was perhaps not another psychological difficulty which arose out of the personnel of the proposed Commission and I suggested that if this were so perhaps something might be done to change the personnel of the Commission, though I could give no assurance that the United States would be willing to consider such a suggestion favourably.

10. Finally, I urged that the Netherlands Government might examine carefully the effect of the amendments which had been made in the resolution at our insistence. I hoped that such an examination might lead them to conclude that in their total effect these amendments went far to meet their position. I again repeated that we would be most happy to consider on their merits any proposals for further amendment which the Netherlands Government might care to put up.

11. Beelaerts made it clear that his Government appreciated all that we had been trying to do on their behalf as a candid friend.

12. I should be grateful if you would speak to van Roijen in the sense of my talk this morning with Beelaerts. I am repeating this telegram to our Ambassador in The Hague and asking him to speak in the same sense to the Netherlands Government.

13. The next move, it seems to me, is up to the Netherlands and I most fervently hope that at the next meeting of the Security Council the Netherlands delegation will be authorized to adopt a most conciliatory and forthcoming attitude and to take the present resolution now before the Security Council as the basis for their future policy in Indonesia in spite of their misgivings.

14. Subsequent to my interview with Beelaerts the latter telephoned Riddell to say that he had reported his conversation with me this morning to Dr. van Roijen in New York. Beelaerts said that van Roijen had replied that there was no possibility of the resolution being acceptable to the Dutch. In the first place, the very fact that the resolution had been tabled had resulted in a complete cessation of negotiations between the Netherlands authorities in Indonesia and the Indonesian leaders. The Netherlands Government regarded this as evidence that interference by the Security Council only complicated their task in Indonesia. Van Roijen added that the resolution would be unacceptable. In the words of Beelaerts, it made the Netherlands into a kind of "stooge of the Security Council". Since the Security Council had always been prepared to pay more attention to the claims of the Indonesians than to those of the Dutch, the Netherlands authorities could not put themselves in a position where their decisions in Indonesia might be overridden by the Security Council. Ends.

127.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 91

New York, January 24, 1949

SECRET

Indonesia. Begins:

Upon receipt of your instructions contained in your message No. 102 of January 22nd, I got in touch with Van Royen and arranged to see him first thing Monday

morning, January 24th. I told Van Royen of your interview with the Netherlands' Charge in Ottawa on Saturday and spoke to him about the draft resolution introduced in the Council on the Indonesian question, in the sense of your talk with Beelaerts. In particular I repeated that it is the fervent hope of the Canadian Government that, at the next meeting of the Council, the Netherlands' delegation will be authorized to adopt the most conciliatory and forthcoming attitude and to take the present resolution as the basis for their future policy in Indonesia, in spite of their misgivings.

2. Van Royen told me that he had not yet received instructions from his Government as the Prime Minister had returned to the Hague only on Sunday and had been ordered to rest by his doctors. The Netherlands Cabinet was meeting today, January 24th. He would, of course, draw the views of the Canadian Government to the attention of the Netherlands Government and expressed appreciation both for the modifications introduced in the original draft resolution as well as for the frank and friendly advice which had been offered by us both in Ottawa and in New York.

3. He said, however, that the preliminary reactions in the Hague were not favourable and that he would be misleading us if he did not say that the resolution, as a whole, was considered unacceptable. The most that he hoped was to persuade the Netherlands Government not to instruct him to say this outright at the next meeting of the Council on Tuesday. He explained, that the resolution as a whole, in its approach to the problem was objectionable to the Netherlands Government mainly on the following grounds:

(a) It represented a statement of lack of confidence on the part of the United Nations in general, and the Security Council in particular, in the policies and motives of the Netherlands Government in Indonesia and proposed to place the Netherlands Government in Indonesia under what Van Royen termed the "tutorship" of the Security Council.

(b) By restoring the Republican Government it would give the Republicans a renewed prestige and power which would make negotiations difficult, if not impossible, as the Republicans would look to the Council and its Commission in Indonesia for support and this in turn might make the Federalists side with the Republicans.

(c) That the Security Council, by the terms of this resolution, was singling out the Netherlands for especially harsh treatment. Repeating previous arguments used in the Council, Van Royen said that the people of the Netherlands could not help seeing that the Council had appeared more critical of Netherlands' policy in Indonesia than in analogous cases (and he mentioned the attitude of Israel in Palestine and India over Hyderabad). He said that the Calvinist streak in the Dutch character rebelled against what they thought to be an injustice to the Netherlands and that the Netherlands Government had, of necessity, to take the present state of public opinion in the Netherlands into account in determining its policy. Summarising this position Van Royen said that the Netherlands Government felt that they must oppose this resolution both on grounds of principle as well as on practical grounds.

4. I urged Van Royen, nonetheless, to take into full consideration the arguments which we had put to his Government counselling moderation and restraint at this

time. I expressed again the hope that the Netherlands Government would not reject the resolution out of hand, especially in view of the modifications which had been made in its terms and which now provided the framework for resuming negotiations. I emphasized the argument that the resolution in its present form would, in fact, be in the overall interests of the Netherlands, for the reasons given in your telegram and also that it represented the only way in which the United Nations could be employed as a moderating influence in the negotiations, ultimately and in stabilizing the result by putting world public opinion behind it.

5. I also assured Van Royen, in accordance with your instructions, that if the Netherlands delegation, or any other delegation, proposed amendments to the present resolution, we would be prepared to consider them on their merits, and, if we believed that they would improve the resolution by making it more capable of implementation, we would support them. Van Royen indicated that he might have one or two verbal changes to suggest but in view of their fundamental objections to the principles of the resolution, he doubted whether it could be made acceptable to his Government by amendment.

6. As regards the possibility of a change in representation on the Committee of Good Offices or the Commission, raised in paragraph 8 of your telegram No. 99† of January 22nd, Van Royen said that, in conversation with Jessup, he had tentatively raised this point by suggesting that the present representatives on the CGO might be replaced on the Commission by men of more senior rank. Jessup had indicated that, as far as the United States member was concerned (Cochran), he thought that the State Department would not be willing to replace him. I shall, however, take the first opportunity of discussing this question informally with my colleagues as you suggest. Ends.

128.

DEA/50054-40

Message téléphonique de l'ambassadeur aux Pays-Bas
Telephone Message from Ambassador in The Netherlands

TOP SECRET

[The Hague, January 26, 1949]

MESSAGE TELEPHONED TO MR. REID BY MR. DUPUY FROM THE HAGUE, 4:30 P.M.,
 JANUARY 26, 1949

I had a conversation this afternoon with the Prime Minister about the present Indonesian deadlock. He confirmed that his Government could not accept the United States resolution for reasons already stated.

2. I took upon myself to ask his opinion on this purely personal (repeat personal) suggestion

(a) that van Roijen declare at the Security Council that his Government would accept conference at which only representatives of Indonesian population could participate.

(b) This would exclude Netherlands, the Committee of Good Offices, Security Council, Asiatic and any foreign interference.

(c) This conference could be convoked at once and would take place in neutral country. We mentioned Island of Malta or Switzerland.

(d) The only term of reference approved by Netherlands and Security Council would be establishment of separate government covering all of Indonesia and preparations of free elections for setting up of United States of Indonesia within Dutch Indonesian Union. Dutch would have no objection to United States of Indonesia being called a republic.

(e) Delegates to conference would be designated on basis of proportional representation and could include any Republican leaders.

3. Meanwhile status quo would be maintained in Indonesia and United States resolution postponed or withdrawn at Security Council until results of conference are known.

4. Prime Minister said he would be favourable to suggestion and would consult his Cabinet at once.

5. It occurs to me while drafting that if above suggestion or proposal were made by President of Security Council it would carry more weight than if made by Netherlands representative.

Foreign Office has been consulted and approved suggestion and the rest of the Cabinet will be consulted within a few hours. End of message.

129.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in The Netherlands*

TELEGRAM 21

Ottawa, January 26, 1949

SECRET

Following for Dupuy from Reid, Begins: Indonesia. Your telephone message this afternoon. I have not yet been able to discuss this with Mr. Pearson.

2. My preliminary view is that a suggestion of this character would have to be put forward by the Netherlands representative at the Security Council. In doing so, he would have to be in a position to state pretty clearly how a general proposal for an Indonesian conference of this character is to be operated. There would be many points on which clarification would be required. Among those which have occurred to us are the following:

(a) How would the delegates to the conference be designated in such a way as to satisfy Indonesians generally, other interested powers, and the Security Council of their representative character?

(b) What would be the terms of reference of the conference? Would the purpose of the conference only be to agree on the formation of an Interim Cabinet which

would operate within the terms of the framework already laid down by the Netherlands for the Interim Federal Government in the Royal Decree of December 18, 1948? Or would the conference be empowered to determine the form and powers of the Interim Federal Government pending the elections and convening of a constitutional convention? If the conference were given such powers, how far would they be restricted by powers already reserved to the individual states in agreements between the Netherlands and individual states?

(c) What arrangements are envisaged for the conference? Would the Secretariat of the conference be supplied by the United Nations?

(d) What powers would continue to be held during the interim period by the Netherlands (including the High Representative of the Crown) after the formation of the interim government by the conference? It is noted that you suggest that the status quo would be maintained in Indonesia until the results of the conference are known. The problem arises of how powers would be handed over to the new government after the conference and what powers would be handed over.

(e) What powers does the Netherlands Government consider should be reserved to the Netherlands-Indonesian union and how would these powers be administered?

3. McNaughton as President of the Security Council could not introduce a resolution of this character without (a) pretty full information on the above points, (b) knowledge of Netherlands acceptance of the plan, and (c) assurance that the plan had a workable measure of support from other members of the Council. The situation is further complicated by the fact that McNaughton has, as you know, already given assurance of his support for the United States draft resolution. In giving this assurance of support he told the United States representative that he reserved the right to support any amendments to the draft resolution on their merits which might be introduced during the discussions in the Council. We understand that Van Royen has already suggested some minor textual changes in the United States draft resolution. If the proposal for a conference of this nature appeals to the Netherlands Government perhaps it could be introduced into the United States draft resolution as an additional provision. We have not had time as yet to consider how this could be done. In our view such a proposal would have to come from the Netherlands.

4. As you are probably aware the Security Council meets again tomorrow (Thursday) morning at eleven. McNaughton has informed us that it is possible that the United States draft resolution may come to a vote then. McNaughton has already taken responsibility for postponing discussion of the Indonesian question on two occasions. It would be asking a good deal of him to request a further adjournment of the debate unless the Netherlands representative was in a position to make a statement indicating that his Government expected to be in a position to accept the general terms of the United States draft resolution but wished a little more time to consider the wording of certain amendments, possibly including one relating to a conference of Indonesian leaders such as you have suggested, which in their view would make the resolution more workable.

130.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 113

New York, January 27, 1949

SECRET

Indonesia.

1. Dupuy's suggestion for a conference between Indonesian Federalists and Republican leaders leading to the establishment of an Interim Federal Government, reached me through telephone conversations which Ignatieff had with the Department on the night of Wednesday, 26th January, and the morning of Thursday, 27th January. It was accompanied with the suggestion that I seek postponement of a decision by the Council on the joint draft resolution.

2. I was given to understand that the suggestion had also been recommended by the United States Ambassador at The Hague and also by the United Kingdom Ambassador. After consulting Washington, the United States representative, Jessup, informed me emphatically that any views expressed by Mr. Baruch at The Hague did not (repeat not) represent the policy of the United States Government. Cadogan, after consulting London, said he also was given to understand that the United Kingdom Government was not prepared to alter its position, namely, it would continue to support the joint draft resolution whenever it came to the vote.

3. These positions were reported in a conversation between Reid and Ignatieff by telephone and I understand that Reid, after consulting the Minister, suggested that I say to Van Royen that, if he (Van Royen), after consulting with The Hague, was able to put forward some new constructive proposal capable of amalgamation with the joint draft resolution, and was able to indicate that such a proposal, if adopted by the Council, might enable the Netherlands Government at least to acquiesce in a resolution by the Council, then adjournment might be regarded by the Council as justifiable and be given the necessary support.

4. I then spoke to Van Royen and Ignatieff spoke to Snouck Hurgronje in this sense. I also pointed out that I had a dual capacity. As Canadian representative, I was anxious to do everything possible to help the Netherlands Government in its present difficulties, in so far as I acted in accordance with the instructions of my own Government. However, as President of the Security Council, I was obliged to preserve a position of complete impartiality to either side and I could not, therefore, use this position to seek an adjournment.

5. Van Royen and Snouck Hurgronje both said that it would be impossible for the Government of the Netherlands to come forward with "a new constructive proposal" by this afternoon, and indicated that an adjournment of some days would be required to prepare such a proposal. Later, he informed me that he was unable to contact The Hague owing to "a breakdown in communications."

6. I told Reid over the telephone that I would do whatever I appropriately could from the Chair to ensure that the request from the Netherlands delegation, for a reasonable time to consider the new amendments which have been submitted, would be granted.

7. I myself am suggesting an amendment to paragraph 4(e) to the effect that the Commission may, repeat may, observe elections throughout Indonesia, but is required to take responsibility for conditions only with the areas of the Renville Agreement, that is, Java, Madura and Sumatra. This proposed amendment is welcomed by the Netherlands and has been accepted by all the sponsors of the joint draft resolution.

131.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in The Netherlands*

TELEGRAM 23

Ottawa, January 27, 1949

TOP SECRET

Reference your telegrams nos. 24† and 25† of January 27,³⁵ and telephone conversations concerning proposal for an Indonesian Conference.

2. We have reported your discussions in The Hague to Wrong and McNaughton. The State Department had already asked the Canadian Embassy in Washington for further information, as they had received a report on your proposal from their Ambassador in The Hague. After considering the proposal, however, the State Department decided to issue no new instructions to Jessup. Jessup told McNaughton that he had been instructed to press for passing of the resolution today. Wrong reports, however, that he had gathered that if it became apparent that the resolution would not be adopted, the State Department might take the line that it should not be brought to a vote. Your suggestion for a conference, he said, had been rejected by the State Department as a possible alternative course, although they had hinted that a conference on the lines you proposed might be held after the passage of the resolution.

3. I instructed McNaughton before this morning's meeting to endeavour, if possible, to postpone a vote on the resolution. McNaughton pointed out, however, that it was difficult for him to advocate still another postponement unless he had some new constructive proposal which must be given further consideration. In particular, he must avoid appearing to be using his position as President on behalf of one party to the dispute. McNaughton has pointed out further the difficulties in securing support for a new proposal at this time when so many members of the Council are committed to the resolution and determined to carry it through.

³⁵ Ceux-ci transmettent les renseignements contenus au document 130.
These convey information in Document 130.

4. I said to him that I agreed but that we must consider fully any possible proposal which might provide us with a resolution which the Dutch could accept or at least acquiesce in. If a resolution is passed which the Dutch will not carry out, the consequences to the United Nations, the Western Union and the North Atlantic Union might be most far-reaching and very dangerous. In addition to these more general consequences, the Council would be faced with most serious problem of enforcing its decision. Another possible consequence which would cause great embarrassment is that the Asiatic Powers would establish their own sanctions. We, of course, were committed to supporting the resolution and, if it came to a vote, we must vote in favour, but I thought it would be criminally irresponsible for any Member of the Council to force a vote today if there was any possibility of the Netherlands putting forward a new constructive proposal.

5. As there seemed no way in which McNaughton could postpone a decision unless the Dutch themselves made some new proposal, I asked General McNaughton to speak to Van Roijen before this afternoon's meeting. Both Van Roijen and Snouck, who have little information on the proposal, expressed grave doubts as to whether their government would instruct him to propose it. They agreed, however, to telephone The Hague. Presumably they had not yet received any instructions along the lines which you mentioned in your telegram no. 25.

6. We have not yet received a reply to our telegram no. 21. If this delay is due to the present electrical disturbances, you should send the messages through commercial channels. McNaughton, in spite of this, is going to do his utmost to persuade the Council to adjourn the voting till tomorrow.

7. The next move is up to the Netherlands and, if it is to be useful, Van Roijen will have to have precise instructions from his Government by tomorrow (Friday) morning at the latest. It would seem to us that it will also be essential for the Netherlands by then to have made it clear in London and Washington that the Netherlands is prepared to acquiesce in the resolution provided that their proposal, in a constructive and precise form, is added to it.

132.

DEA/50054-40.

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 118

New York, January 28, 1949

SECRET

Indonesia.

1. In my message No. 113 of 27th January I reported on developments which took place on Thursday, 27th January, in connection with the suggestion put forward by Dupuy reported in your No. 117 of 27th January.†

2. In this message I shall deal with the developments in the discussion of the joint draft resolution at the two meetings of the Council in the morning and afternoon of 27th January. At the opening of the meeting the representative of the Republic of Indonesia, Palar, made a statement on the joint draft resolution. I have learnt that he is under instructions not to reject the resolution nor to delay the vote but to criticize its shortcoming as compared to the New Delhi resolution. While expressing appreciation for "the spirit of good faith, impartiality and justice evidenced by the sponsors of this resolution", Palar dealt at some length with its alleged shortcomings, and urged that the following ideas contained in the New Delhi resolution be embodied in the form of amendments to the joint draft resolution.

"A. That the withdrawal of Dutch troops to the truce lines of January 17th, 1948, and the restoration of the territory under Republican control as at December 18th, 1948, be completed not later than March 15th, 1949, when the interim Government should come into existence.

B. That Dutch troops be immediately withdrawn from the residency of Jogjakarta (a well defined administrative unit comprising the City of Jogjakarta and adjoining areas) and progressively from the rest of the Republican territories under conditions prescribed by the United Nations Commission on Indonesia.

C. That the Republic of Indonesia be given an adequate economic basis.

D. That the elections for a Constituent Assembly be completed not later than October 1st, 1949, and that sovereignty over the whole of Indonesia be completely transferred not later than January 1st, 1950."

3. The representatives of Australia and Burma likewise urged the incorporation of these provisions from the New Delhi text as amendments to the joint draft resolution.

4. As the discussion was evidently coming to a close, and I had no more speakers prepared to make statements on the text as a whole, and Tsiang of China had indicated that he was prepared to move the amendments accepted by the sponsors, (which were referred to you in our message No. 111 of 26th January† and approved by you in your No. 116 of 27th January†), I decided to make a brief statement expressing support for the joint draft resolution, but at the same time indicating that I would submit an amendment to paragraph 4 (e). This amendment, which the Netherlands delegation had requested, has been the subject of discussion between ourselves and the sponsors. None of the sponsors were willing to move an amendment along these lines, but were willing to accept it if I agreed to introduce it. Under those circumstances, after consulting Reid by telephone, I submitted the amendment, making my statement at the afternoon's meeting. (The text of (a) my general remarks, (b) the text of my amendment and (c) of my explanatory statements regarding the amendment, are all given in my teletype No. 114 of 27th January).†

5. Tsiang introduced the other amendments agreed to by the sponsors and made explanatory comments to them.

6. At this point the debate had apparently been exhausted, and Van Royen asked to speak. He explained that he had been unable to reach his Government by telephone to consult with them in regard to the various amendments which had been

put forward. He consequently asked for adjournment of twenty-four hours before the voting.

7. In accordance with my assurance given to Reid by telephone, that I would do all that I could to obtain a deferment of the vote, I at once said, as President of the Council, that I thought that Van Royen's request was a reasonable one and should be granted, and said that unless there was objection, the Council would adjourn until Friday afternoon at 3 p.m.

8. Jessup, however, expressed the view that the adjournment should not be twenty-four hours in view of the extreme urgency of reaching a decision in the Council, but suggested that the Council might adjourn until 11 am. Friday. This would enable delegations to make statements in the morning and the Council could then proceed to a vote on the joint draft resolution in the afternoon.

9. (I should explain that Jessup had by this time received word from the State Department of Dupuy's suggestion and had told me in private that his delegation could not help feeling that the purpose of adjournment might be for the Netherlands to introduce a proposal alternative to the joint draft resolution, along the lines of Dupuy's suggestion and not, repeat not, for the purpose of considering amendments to the joint draft resolution. He indicated that his Government had become anxious at what he termed the "stalling-tactics" of the Netherlands Government. I told Jessup that the Council should, of course, consider any proposal from the Netherlands Government within the framework of the joint draft resolution, but that any further proposal to defer a decision would have to be decided by the vote of the Council, and that a motion for adjournment would have to be sponsored by a member of the Council, according to the rules of procedure. For the purpose of the present meeting, however, I was willing to suggest from the Chair that the Council would accede to the Netherlands request).

10. Following Jessup's statement in the Council, the representative of China suggested that it would be more convenient for him if the Council met in the afternoon rather than the morning of Friday, 28th January. I then proposed to the Council that, in deferment to the request of the representative of China, the Council should meet at 3 p.m. rather than at 11. This was agreed.

133.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 125

Ottawa, January 28, 1949

SECRET

Indonesia.

Holmes informs me that you have requested clarification of my views on the line which you should take at this afternoon's meeting of the Council.

2. This paragraph applies to the situation which will arise if the Netherlands representative puts forward this afternoon a new constructive proposal which would be added to the existing resolution and come within its framework. He should, if possible, be asked to put his proposal in the form of a formal amendment of the existing resolution. I understand that, under the rules of the Security Council, the amendment will have to be sponsored by a member of the Council. However, it would not, it seems to me, be fair to require the Netherlands, before this afternoon's meeting to secure a sponsor or sponsors, though if they could do so this would be helpful. If they have not been able to secure a sponsor, then it seems to me that you should, as Chairman, follow the general line which I indicated to you yesterday, namely, that you should say that the Netherlands representative has now put before the Council a new constructive proposal and that the members of the Council will no doubt wish to consider this proposal in all its aspects before they are asked to vote on it. You might then say that you assume, therefore, that the members of the Council will wish to have the vote postponed for 24 or 48 hours.

3. This paragraph relates to the situation which will arise if the Netherlands representative is unable this afternoon to make a new constructive proposal. In this case, it seems to me that you have done all that you possibly can do for them, both as Canadian representative and as Chairman of the Council, and that if the Council wishes to vote this afternoon, the vote will have to take place.

4. I had not even hoped yesterday that you would have been able to put off a vote in the Council yesterday afternoon, in the absence of a new constructive proposal from the Netherlands. I am very grateful to you for what you did yesterday, which must have been an extremely difficult and trying task.

134.

DEA/50054-40

*L'ambassadeur aux Pays-Bas
pour le secrétaire d'État aux Affaires extérieures
Ambassador in The Netherlands
to Secretary of State for External Affairs*

TELEGRAM 27

The Hague, January 28, 1949

SECRET

Indonesia. Your telegram No. 21 of January 26th. I am replying to your questions as follows:

Paragraph 2 Section (a) concerning representative character of Indonesian delegates:

(1) As far as non-Republican *negaras* are concerned, such representatives already exist and Netherlands delegates at Security Council could establish such character.

(2) With regard to Republican delegates, they could be designated by Republican leaders, and Dutch would have no objection.

Paragraph 2 Section (b) concerning Terms of Reference:

(1) Netherlands Government consider terms should be laid down and approved by Netherlands Government, Security Council and Indonesians, both Republicans and non-Republicans.

(2) The delegates will decide among themselves the composition of Interim Federal Government. (For your personal information: Netherlands Government would be ready to consider proposals made by Conference for amendment of Royal Decree of December 18th, 1948, should delegates prefer ordinary Cabinet to Directorate already proposed. Dutch, however, wish this possibility not to be mentioned in Terms of Reference). As soon as set up, Interim Federal Government would proceed with preparation of elections for Constitutional Assembly, to take place in third quarter of 1949, on basis of Royal Decree.

Paragraph 2 Section (c) Secretariat would be organized by delegates themselves without foreign interference.

Paragraph 2 Section (d). All powers of internal Government would be transferred with following restrictions: authority of representative of the crown to intervene in case of emergency and on specific grounds as mentioned in Royal Decree. These powers were discussed with Republicans and agreed upon except on the question of army organization and command. (This information not to be included as such in any resolution as it is more elaborately described in Royal Decree).

Paragraph 2 Section (e). Interim Federal Government will discuss with the Netherlands Government statute of future Netherlands-Indonesian union.

Paragraph 3 Section (a). Above information, which could be supplemented if necessary, was supplied by Netherlands Foreign Office. It should be considered as unofficial information pending Cabinet approval which should follow within next few hours.

Paragraph 3 Section (b). Already covered by my telegram No. 25 of January 27th.

Paragraph 3 Section (c). I quite realize that any resolution introduced by McNaughton should be discussed at length with his Security Council colleagues.

If you consider, after thorough examination, that a resolution based on my suggestion would be justified, I would recommend that we retain the initiative because if it comes:

- (a) From the Dutch, the Republicans will be automatically prejudiced,
- (b) From United Kingdom and France, they are too directly concerned with South East Asia,
- (c) From United States, they have been too deeply involved in this case,
- (d) From other members, they do not carry sufficient weight.

Canada appears to me as country having protected its objectivity, and I need not stress advantage for us, both internally and internationally, of breaking Indonesian vicious circle.

With regard to possibility of embodying my suggestion in United States resolution, I think it would be useless. What is essential now is a new approach: let Indonesians do their own cooking.

135.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 125

New York, January 29, 1949

SECRET

Indonesia.

The Security Council met at 3 p.m., Friday, 28th January to continue discussion of the joint draft resolution submitted by the representatives of China, Cuba, Norway and the United States.

2. Prior to the meeting of the Council I spoke to Van Royen and gave him the gist of the position which you suggested I should take in your message No. 125 of 28th January, stressing that, if the Netherlands delegation were to put forward a constructive proposal which would be within the framework of the joint resolution, our delegation would do everything it could to have it given full and proper consideration by the Council. Van Royen replied that he fully understood our position and that he had already reported it to his Government on the basis of his conversation with Ignatieff and me on 27th January. He said that all he would ask for was an opportunity to make a statement in the Council just before the joint draft resolution was put to the vote. I agreed to give him this opportunity.

3. The first speaker at the meeting of the Council was the representative of Egypt. He said that, while the amendments advanced by the four sponsoring delegations to their joint draft resolution were only partially acceptable to him (in that they did not fully meet the points emphasized in the New Delhi resolution), he would vote in favour of the joint draft resolution as amended, with the understanding that it was only the first step forward in the final solution of the Indonesian question and that the Council would need to continue to keep the situation under constant review. The Argentine representative then stated that he believed the Security Council should only use its good offices and "mediatory powers" in regard to the Indonesian question. Accordingly, he would vote in favour of those paragraphs which seemed to him to conform to this principle and would abstain on the paragraphs which his delegation believed went beyond this principle.

4. The Soviet representative then strongly criticized the joint resolution, in particular the clauses dealing with the withdrawal of Netherlands troops. He introduced an amendment to the first paragraph of the operative part of the draft resolution which would have substituted for the present text of this paragraph, the following text: "The Netherlands troops shall be immediately withdrawn to the positions provided for by the Renville Truce Agreement."

5. As there appeared to be no further speakers and the Council was about to vote on the joint draft resolution, I called on Van Royen to speak. He then gave a lengthy prepared statement of his delegation's position. His statement was most

important presentation of the Netherlands position regarding Indonesia and I am sending a copy to you today by bag. Van Royen emphasized again that the Netherlands regarded the draft resolution as containing "so drastic and deep an interference in the domestic affairs of a State as no member of the United Nations has ever accepted when signing the United Nations Charter". He added that "not only the present Netherlands Government, but no Netherlands Government at all, and in fact no responsible Government of any country in the world, should be required to surrender such essential rights of sovereignty." He urged the Council again to submit to the International Court of Justice the question of whether the Council was competent to deal with the Indonesian question. He added that the provisions in the draft resolution regarding the Commission's making decision by a majority vote, would, in effect, mean "that the Netherlands would during the interim period, hand over fundamental rights, constituting part of its sovereignty over Indonesia, to the United States of America." Van Royen summarized the "four fundamental objections" of the Netherlands Government to the draft resolution in the following words:

"First: point (2) which provides for the reinstallation of the Government of the Republic of Indonesia in Jogjakarta:

"Second: The final paragraph of point (3), which empowers the Commission and the Council to deal with the establishment of a Federal Interim Government, the holding of elections, and the transfer of sovereignty;

"Third: The last sentence of paragraph 4 (a) laying down the majority rule for decisions of the Commission;

"Fourth: Paragraph 4 (f), which empowers the Commission to make recommendations to the Council for the return of certain areas to the Republican Government and for the withdrawal of Netherlands troops, and implicitly authorizes the Council to make decisions on those points."

Finally, summarizing the position of his Government, Van Royen made the following statement:

"We must fundamentally object to paragraph 2, the final paragraph of point 3, the last sentence of paragraph 4 (a) and against paragraph 4 (f), because these sections require the Netherlands to surrender certain vital rights in Indonesia during the interim period. We must appeal to the Council not to ask from us any such sacrifice, which it has never before asked from any member of the United Nations, which it is not entitled to ask under the Charter, and which no member of the United Nations could concede. These paragraphs in fact would put the Netherlands under guardianship of the United Nations. The Government and the people of the Netherlands have not merited this treatment. The Dutch have not guided the development of Indonesia for 350 years to surrender its responsibility in the last minute before the final consummation of that development: the achievement of statehood for Indonesia.

"In the rest of the resolution there are many things which are difficult for us to accept, and many which we should like to see changed. But we realize that each party must make sacrifices and we shall therefore formulate no objections to the rest of the resolution. My Government will carry out this resolution if it is

adopted by the Security Council, to the extent to which it is compatible with the responsibility of the Netherlands for the maintenance of real freedom and order in Indonesia, a responsibility which at this moment no one else can take over from us."

6. After Van Royen's statement the Council proceeded to vote on the joint draft resolution paragraph by paragraph. The text of the draft resolution, every paragraph of which was adopted, is contained in my immediately preceding teletype. The paragraphs of the preamble and of the first three operative parts of the resolution were, in nearly all cases, adopted by 8 votes in favour, none against, and 3 abstentions (France, Ukraine and the Soviet Union). The fourth part of the operative portion of the resolution was adopted by 7 votes in favour and 4 abstentions, (in addition to the other 3 States, the Argentine abstained on this paragraph which dealt with the functions and powers of the proposed Commission). In paragraph 6 the fifth and sixth portions of the operative part of the resolution were also adopted by seven votes in favour and four abstentions (including Argentina).

7. The Soviet amendment to the first part of the operative portion of the resolution was defeated with 4 votes in favour (Cuba, Egypt, Ukraine and the Soviet Union) and 7 abstentions.

8. After all paragraphs of the draft resolution had been adopted, there was no necessity for a vote on the whole resolution and I adjourned the Council on the Indonesian situation sine die.

136.

DEA/50054-40

*Le conseiller principal du délégué permanent aux Nations Unies
au chef par intérim, direction des Nations Unies*

*Principal Adviser, Permanent Delegation to United Nations
to Acting Head, United Nations Division*

SECRET

New York, February 10, 1949

Dear John [Holmes],

I should like to reply to your letter of 4 February† to me regarding the suggestions for a statement on the Indonesian Question contained in the Department's teletype no. 85 of 19 January.

2. I have discussed the letter with General McNaughton and he wishes me, in the first place, to recall his position as President of the Council in January and his anxiety to do everything possible to maintain the impartial position of the Chair. For this reason the General did not speak in the Council as Canadian representative until the very last stages of the debate and when he spoke he sought to restrict his intervention to expressing support for the joint draft resolution as a practical and necessary measure, without showing favour to either side.

3. As you say in your letter, our understanding was that the three suggestions contained in the Department's message did not constitute instructions for a Canadian statement but were only meant as points which General McNaughton might

consider making, in the event that an appropriate opportunity developed. I can assure you that in fact, the three points concerned were carefully considered by the delegation and it was felt that, for the reasons set down below, it would not be appropriate at this stage to develop any of these three points to the extent suggested in teletype no. 85.

4. The first suggestion contained in teletype no. 85 deals with the necessity for parties to a dispute observing cease-fire orders by the Security Council, not only in the Indonesian case but in all cases where the Council passes a cease-fire resolution. This point is touched upon to a certain extent in General McNaughton's statement of 26 January, where he said, "in the consideration of the Indonesian dispute by the Security Council, as in the case of other disputes which have come before, the Canadian delegation has supported proposals which have sought to bring about a cessation of hostilities and the restoration of peace and order as essential preliminary conditions to a negotiated settlement". We did not, however, feel that it would be advisable to go beyond this general statement and to refer specifically to the question of Palestine, as suggested in teletype no. 85. It seemed to us that it would not be appropriate for us, at a time when the cease-fire order was at last being observed in Palestine, and when negotiations were taking place at Rhodes for an armistice, to contend that certain members of the Council appeared to regard the cease-fire orders in the Palestine case "as being of less urgent and immediate importance than those issued elsewhere".

5. The second point contained in teletype no. 85 concerns the heavy responsibility of "any power like the U.S.S.R., which enjoys the privilege of the veto, and which uses it for the purpose of preventing the Security Council from taking even preliminary steps to put an end to fighting". It should be remembered that, during the preliminary stages in the development of the joint resolution, the representative of France on the Security Council had indicated to the United States representatives that, if the joint resolution went too far (in the opinion of the French Delegation) in constituting an infringement of Netherlands sovereignty, the Delegation of France might be obliged to veto the resolution. This being the case, it did not seem an opportune time to refer in the Security Council to the use of the veto in previous cases by the Soviet Union, or, indeed, to raise the question of the veto at all.

6. The third suggestion in teletype no. 85 concerns the responsibilities which lay with the Republic of Indonesia, as well as the Netherlands, "for an orderly and peaceful development of political change in the Netherlands East Indies". At the time General McNaughton intervened in the Council, as Canadian representative, to state our position on the joint resolution, the final position of the Netherlands Government towards the joint resolution had not been stated (you will note from our teletype no. 125 of 29 January that Dr. Van Royen made a lengthy statement regarding the Netherlands position on 28 January just before the joint resolution was put to the vote.) However, in the Council meetings which had been held before the General spoke, the Netherlands representative had adopted a generally rather uncooperative and defiant attitude towards the Council, and had reiterated that the Netherlands Government regarded this question as being outside the competence of the Council. In view of the reaction in the Council to the successive Netherlands statements, it did not seem appropriate on 27 January for General McNaughton to

refer specifically to the responsibilities which the resolution would place on the Republic of Indonesia. However, as you will note from our teletype no. 114, the last paragraph of General McNaughton's intervention states that the Canadian Delegation fully recognizes that the effectiveness of the joint resolution, or any resolution on Indonesia, "depends upon its acceptance by both parties and upon their cooperation in implementing its terms". The statement goes on to add that the Canadian Delegation believes that the joint resolution "offers a reasonable and practicable basis for both parties to work towards a lasting settlement" and that we therefore "commend its acceptance to both parties". The clear inference from this portion of the statement is that both the Netherlands Government and the Republic of Indonesia have a grave responsibility for implementing the resolution and for working together towards a settlement in Indonesia.

7. The above comments will, I hope, explain why the points suggested in teletype no. 85 were only used in a very general way in General McNaughton's statement of 27 January. However, you may be assured that we have examined teletype no. 85 with close attention and that we shall make every effort to make further use of the suggestions contained in it if an opportunity develops.

Yours sincerely,

G. IGNATIEFF

137.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 2, 1949

ANNEX B³⁶

INDONESIA

On Saturday last (Feb. 26) the Netherlands Government issued a statement of their proposals for a Conference in The Hague to be held as early as March 12, if possible, to discuss plans for Indonesia. Invitations to the Conference have been issued to Federalists, Republicans and the United Nations Commission on Indonesia. It is hoped that agreement can be reached in the Conference on the transfer of sovereignty to the United States of Indonesia, the simultaneous formation of the Netherlands-Indonesian Union and the creation of a Federal Interim Government for the interim period.

³⁶ La direction des États-Unis et de l'Extrême-Orient prépara cette pièce jointe à la note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures, le 2 mars 1949, pour un rapport au Cabinet.

The American and Far Eastern Division prepared this annex to a memorandum from the Under-Secretary of State for External Affairs to the Secretary of State for External Affairs, March 2, 1949, for a report to Cabinet.

2. In these proposals the Netherlands Government have recognized the urgency of working out some agreement before conditions in Indonesia deteriorate further. They also recognize that the force of world opinion stands behind the Security Council resolution of January 28. Early reports from Indonesia indicate that the Republican leaders have not reacted any too favourably to these proposals. There are two difficulties: (a) unwillingness of the Netherlands authorities to permit the Republican leaders to return to their capital at Jogjakarta, although they have been released from custody; and (b) the vagueness of the Netherlands proposals relating to the terms of reference and specific objectives of the Conference.

3. Under the terms of the Security Council resolution of January 28 the United Nations Commission on Indonesia is obliged to send a report to the Security Council on February 15 on the status of the negotiations between the Netherlands and the Indonesian Republic and their recommendations for a solution to their difficulties. Agreement was later reached on the postponing of the reporting date to March 1. In a lengthy report dated March 1 the Commission reports that up to that date "there has been failure of the parties to the Indonesian question to reach agreement on the establishment of an Interim Federal Government. This situation results from the failure of the Netherlands Government to accept the procedures of the resolution of January 28 and not from a mere difference of viewpoint on details of governmental structure and functions". The report goes on to state "the Commission itself has no authority under the terms of the resolution of January 28 to accept the invitation received by it to attend a 'Round Table' Conference at The Hague". The Commission regards the Netherlands invitation as "a counter-proposal or substitute for the provisions of the January 28 resolution and submits this information to the Security Council for the latter's consideration with the request that the Commission be instructed as to what its position should be toward the invitation under reference".

4. In its concluding paragraph the Commission reports "The Commission has interpreted its duty to be that of assisting with the implementation of the Security Council's resolution and of reporting facts pertinent to the situation which this resolution was intended to resolve. It will not interfere with any efforts of the parties to arrive freely at agreements, and it is available to all parties for consultation. At the same time the Commission regrets that it has not been possible to proceed with the implementation of the resolution. It is also conscious of the progressive deterioration of the situation in Indonesia and of the augmented danger to world stability which must result".

5. A further debate on Indonesia will be precipitated in the Council by this Commission report. Present indications are that the Netherlands Government intends to go ahead with the Conference even if the Republicans do not attend. The distance that now separates the Netherlands Government from the terms of the Security Council resolution of January 28 is not great. It may be that prior to or during the forthcoming debate in the Security Council some further means can be found to work out a compromise that would be satisfactory to both parties. If such a compromise cannot be found a very difficult and embarrassing situation in respect to Netherlands relations with the United Nations may arise and conditions in Indonesia may well take a further turn for the worse.

138.

DEA/50054-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 3, 1949

INDONESIA

Dr. van Roijen is leaving for New York this afternoon or on Friday to speak for the Netherlands in the Security Council debate on Indonesia. He has asked if he could have before he leaves some indication of the views of the Canadian Government on the Netherlands proposals of February 26.

2. Dr. van Roijen told me that opinion in the Netherlands was hardening and that they would go ahead with the Conference at The Hague regardless of the attitude of the Security Council and the Republicans. He had been instructed to take a very strong stand in the Security Council. He was to indicate that the Netherlands had gone to the absolute limit in cooperating with the Security Council. If the Security Council decided on sanctions which would hurt the Netherlands economy they would press on with their Conference, transfer sovereignty to the Federalists and get out of Indonesia. He concluded by saying that he thought that a very little difference now separated the Netherlands position from the Security Council resolution.

3. I attach a copy of telegram No. 227 of March 2† from the Canadian Permanent Delegate in New York transmitting the conclusions of the United Nations Commission on Indonesia's report of March 1. The report points out that the Netherlands proposals of February 26 constitute a counter-proposal or substitute for the provisions of the Security Council resolution of January 28. The Commission therefore asks the Security Council for instructions on the attitude it should take toward the invitation to attend the Conference. The report repeatedly makes the point that the Netherlands has been unwilling to accept the Security Council resolution as a basis for procedure. The greatest stumbling block is, of course, the question of the re-establishment of the Republican Government in Jogjakarta. While the wording of the Netherlands statement is hopefully ambiguous on this point, I gathered from Dr. van Roijen that the Netherlands Government is adamant on this question.

4. It seems to me that our primary responsibility in this matter is as a member of the Security Council. Prior to the passage of the January 28 resolution we went as far as we could to give the Netherlands an opportunity to submit amendments which they considered would make the resolution more workable. Now that the resolution has been placed on the public record with our support I find it difficult to see how we could lend support to a plan to set aside a major provision of that resolution (the return of the Republican Government to Jogjakarta) unless both parties to the dispute agree.

5. I think we shall have to explain this difficulty to Dr. van Roijen. We could tell him that from our examination of the Netherlands statement of February 26 it

appears to us to be a statesmanlike and constructive approach and one in general harmony with the Security Council resolution of January 28 except for its ambiguity regarding compliance with Article 2 of the Security Council resolution providing for the re-establishment of the Republican Government in Jogjakarta. The portion of the Netherlands statement on this point reads:

"In the desire to facilitate a prompt beginning of the discussions for a speedy creation of the sovereign United States of Indonesia and in order to fulfill the terms of the resolution of the Security Council on this point, the Netherlands Government has decided to lift the remaining restrictions on the liberty of movement of the Republican leaders and to consult with them concerning their wishes as to their future residence, and the arrangements which will have to be made in this respect".

6. We might say that we are glad to note from this passage (a) the Netherlands' desire to fulfill the terms of the Security Council resolution, and (b) that they propose to consult with the Republican leaders about the implementation of this point. We would hope that if, as it may well develop, the question of the return of the Republican Government to Jogjakarta is the only major impediment in the way of the Republican leaders agreeing to attend the Conference, that the Netherlands will not close the door to negotiations on this point. If a satisfactory agreement can be reached on implementation of this point it may well be that the Security Council could give its blessing to the Conference proposed by the Netherlands. We might even dare to hope that the ambiguity of the Netherlands Statement on this point has been slyly designed to finesse this trick.

Would you let me know if you will speak to Dr. van Roijen or wish me to do so?³⁷

[ESCOTT REID]

139.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 244

New York, March 4, 1949

SECRET

Indonesia. My teletype No. 240 of March 4th.†

1. I was able to obtain preliminary reactions from the United Kingdom and United States delegations in private talks which I had before the meeting of the Council, Friday, 4th March, regarding the proposal of the Netherlands Government

³⁷ Note marginale:/Marginal note:

I would be glad if you would speak to him along the lines outlined above LB P[earson]

for a round table conference on Indonesia at The Hague. These are only preliminary reactions because neither of these delegations have yet been in receipt of instructions from their Governments.

2. I gathered from both delegations, though of course more particularly from the United Kingdom, that they had been disposed to regard favourably the Netherlands suggestion for a round table conference, provided that the conference included representation from the acknowledged Republican leaders. They thought that at least the proposal should be carefully examined by the Council to see whether it represented a workable alternative to the procedure set out in the Council's resolution of 28th January.

3. Both delegations, however, indicated that the situation had been materially affected by the decision of the Netherlands Government reported from Batavia in today's press (New York Times, Friday, 4th March, page 8) that a new group had been recognized by the Netherlands Government to represent former Republican territory at The Hague conference on Indonesia, as the Republican leaders had apparently refused to attend the conference unless they regained their former capital at Jogjakarta.

4. The United States delegation indicated that until yesterday they had still entertained hopes that the Netherlands Government would be prevailed upon to concede the return of Jogjakarta to Republican administration as a *quid pro quo* for Republican attendance at The Hague Conference. The nomination of selected representatives by the Netherlands, however, would appear to rule this possibility out and almost certainly close the door to the possibility of Republican attendance.

5. My own preliminary reaction is that the Council should not rule out consideration of any alternative proposed by either party to the procedures recommended by the Council in its resolution of 28th January, but the acceptance of any such alternative must surely depend upon whether it represents a practicable procedure which could possibly lead to a solution by agreement. In my judgment, and I believe in the judgment of the majority of my colleagues on the Security Council, an essential characteristic of the practicability of any proposal which may be put forward now is that it should have a reasonable chance of acceptance by the Republic of Indonesia, whose extinction has not, and cannot very well be, recognized by the Security Council. I must point out, moreover, that at this stage in the Indonesian affair, namely, following the Netherlands recent military action against the Republic, and the sharp reaction to it of Asiatic States at New Delhi, any disposition to disregard the Republican position might well lead to very serious repercussions in Asia and the possibility of action independent of the United Nations. Already, upon the initiative of Romulo, the Philippines representative, seventeen members of the United Nations represented in New York (all but two of the nineteen Pacific and Near-Eastern nations which had met at New Delhi) are to hold a private conference in New York on the Indonesian question, it was announced today (New York Times, Friday, 4th March). Shone told me that it was his impression that this would certainly develop into a form of a protest meeting against the Netherlands suggestion "to by-pass the Security Council resolution". In any case, the declared purpose of

the meeting is "to try to come to agreement on possibilities of stronger action to force the Dutch to comply with the Council's decision".

6. I shall keep you informed of developments as they occur here, but I do urge that these considerations be taken fully into account when decisions are made as to how the Indonesian question should be handled in the Council.

140.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in The Netherlands*

TELEGRAM 40

Ottawa, March 7, 1949

SECRET

1. In our view the recent proposals by the Netherlands Government for a conference in The Hague constitute on the whole a statesmanlike effort to reach a solution. Although they are, to some extent, an alternative to the Security Council's Resolution, they do not, except in one respect, go counter to the Resolution. After careful study of the information available to us we still hold the view that implementation of Article 2 of the Security Council Resolution of January 28 need not prejudice the Netherlands position in Indonesia. Nevertheless we understand the reservations held by the Netherlands on this point. The Netherlands, for its part should recognize the difficulty that states which voted for this provision would have in condoning the Netherlands disregarding Article 2 entirely. We have grave doubts, furthermore, whether the Republicans would accept the invitation unless they were allowed first to return to their capital. These views we have already expressed to the Netherlands Ambassador, who has given us little reason to hope that his Government would make a concession on this point.

2. We consider it most important, however, that the door should not be slammed by either side on this invitation and that it may, after some negotiation involving concessions on both sides, be developed into a practical procedure. According to the information we have received, the U.K. and U.S. attitudes to the Dutch proposal are substantially similar to ours.

3. We hope that the vagueness of the Netherlands statement regarding implementation of Article 2 of the Security Council resolution of January 28 will permit the Council when it discusses the subject this week to request the Commission to explore with the parties the possibility of reaching some mutually satisfactory compromise on this point. Above all it is important that the Netherlands Government should recognize that the Republican Government is one of the parties to the dispute and that the Security Council cannot accept the disappearance or dispersal of this party. The negotiations for the creation of new governmental arrangements in Indonesia must be genuine, voluntary negotiations and not have even the appearance of being between the Dutch and their own nominees. In this connection we have already pointed out to the Netherlands Embassy here the unfortunate impres-

sion created by the press report from Batavia of the establishment of a Netherlands-sponsored provisional regime in occupied Republican territory. We hope that van Roijen can clear the misunderstanding which has arisen over this point and inform the Council that there is no intention of having representatives of this provisional Government attend The Hague Conference.

4. We think it would be helpful if he could give further detailed information regarding procedure for and objectives of The Hague Conference, emphasizing the willingness of the Netherlands Government to permit the Conferees to determine their own procedure and objectives and the constructive role that U.N.C.I. can play in assisting negotiations at the Conference.

5. It would be appreciated if you would convey the above views to the Netherlands Government. The meeting Saturday in New York of representatives of states which attended the Delhi Conference is expected to give rise to demands that the Security Council condemn the Netherlands for evading the January 28 resolution. In considering what constructive action the Security Council can take we still are hopeful that the Netherlands proposals can be given sympathetic consideration. This will be possible only if the statement by the Netherlands representative is conciliatory in tone; we would therefore hope that he would make use of the more felicitous phrases employed in the letter addressed to the President of the Security Council by the Netherlands representative on March 2 and avoid adopting an intransigent position which might further aggravate the already difficult situation which will exist in the Council.

6. We are requesting the Canadian Delegate to the United Nations to express views along the lines outlined above to the Netherlands representative.

141.

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*L'ambassadeur aux Pays-Bas
pour le secrétaire d'État aux Affaires extérieures*

*Ambassador in The Netherlands
to Secretary of State for External Affairs*

TELEGRAM 53

The Hague, March 9, 1949

SECRET

Your telegram No. 40 dated March 7th concerning Indonesia.

1. I had interview with Foreign Minister and Secretary General of Foreign Office to convey substance of your telegram under reference.

2. I found the above mentioned moving in direction you recommend and trying to have return of Republican authorities in Jogjakarta approved by Cabinet under certain conditions.

3. In order to strengthen his hand in Cabinet discussions Foreign Minister has taken the initiative of sending personal letter to Bevin stressing conditions under which his colleagues are likely to accept Republicans' return to Jogjakarta.

4. I am sending in immediately following telegram† substance of letter to Bevin and will forward full text† by bag Thursday.

5. I am told that Acting Minister for Overseas Territories is already favourable to Mr. Stikker's proposals. Opposition, however, is to be expected from Right-Wing elements in Cabinet who would prefer to be forced by further decision from Security Council to permit Republicans' return because this would avoid their being criticized by the population for making such concession. Both United Kingdom Ambassador and myself have stressed danger of such procedure which might lead to unforeseen complications.

6. Substance of Minister for Foreign Affairs letter was telephoned to London yesterday and discussed at Cabinet meeting which on the whole approved proposals. United Kingdom Government is therefore expected to support them, but could not guarantee that United States support would be forthcoming. At the same time, British reserve freedom to consider on merits any amendment that might be suggested.

7. Minister for Foreign Affairs is expecting written reply from Bevin any moment and hopes to have proposals approved by the Netherlands Cabinet in time for the instructions to be sent to United Nations Organization representative, since meeting postponed until tomorrow.

8. You will note that Minister for Foreign Affairs' letter is more elaborate than necessary, being also arranged to facilitate his task within the Netherlands Cabinet.

9. I consider that Minister for Foreign Affairs proposals should be supported by us in the Security Council, as it seems most unlikely that Netherlands will go any further. In fact they are substantially complying with Article 2 of the resolution of (December 21st?).

10. Please repeat to London.

142.

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*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 237

Ottawa, March 10, 1949

SECRET

Indonesia.

The telegrams exchanged between the Delegation and the Department indicate I think that we both see the problem from the same point of view. It may be useful however to restate our present views in advance of this afternoon's meeting.

2. We anticipate that this afternoon's meeting will be taken up for the most part by statements of Netherlands and Indonesian representatives. As indicated in previous communications we very much hope that these statements will be conciliatory in tone and that no firm positions will be taken from which it would be difficult to

recede. Should there be a certain stiffness in the statements of the Netherlands and Republican representatives we would hope that other members of the Security Council in their following statements would seize upon the more felicitous and conciliatory phrases in the Netherlands and Republican statements to emphasize the need for conciliation and accommodation between the parties. If you think it desirable we would agree to your making a general statement in this sense.

3. We are still hopeful that the Netherlands proposals of February 26 may be used as a means to achieve a settlement of the Indonesian dispute. Advancement of the date for the transfer of sovereignty, by shortening the interim period in which misunderstandings might arise between the parties is, we feel, an important concession on the part of the Netherlands. The principal difference to be overcome in bringing the Netherlands proposals of February 26 into line with the Security Council resolution of January 28 and securing the participation of the Republican leaders in the proposed Hague Conference arises out of the reluctance of the Netherlands Government to permit the reestablishment of the Republican Government in its capital of Jogjakarta prior to the Conference in accordance with article 2. We believe that there is reason to hope that some accommodation may be reached on this point. The Netherlands statement of February 26 is vague on this point and speaks of consultation with the Republican leaders regarding their wishes as to their future residence after freedom of movement has been accorded them. The Netherlands Government has also recognized the Republican Government as a party to the dispute by extending an invitation to attend the Hague Conference to Mr. Soekarno as President of the Republic. Yesterday's telegrams from the Canadian Ambassador in The Hague indicate that the Netherlands Government is exploring the possibility of working out a formula that would not simply mean Netherlands compliance with the Security Council resolution through a return to the *status quo ante* but would mean making arrangements under which the new era of cooperation that will be required in any case under the federal structure would begin even before The Hague Conference. President Soekarno in his reply to the Netherlands invitation to attend the Conference has indicated on the whole agreement in principle with attending the Conference although pointing out the difficulty that Republican leaders would have in committing the people of the Republic to decisions when in fact they were not now recognized as a Government. The above developments indicate that the parties are moving closer to agreement on this point.

4. In its report of March 1 the UNCI states that it considered that it was authorized to act only within the terms of reference of the resolution of January 28. It regards the Netherlands proposal for a round table Conference as a counter-proposal and asks the Security Council for instructions on the position it should adopt. The question will arise therefore whether the Security Council should pass a further resolution instructing the Commission on the attitude it should adopt toward the Netherlands proposals. If this were done, presumably such a resolution would instruct the Commission to explore with the parties the possibility of reaching some compromise on the question of the reestablishment of the Republican Government in Jogjakarta which would enable the Republican Government to attend the proposed round table Conference at The Hague. The Commission would presumably be given freedom in such a resolution to seek a practical compromise on article 2

without prejudice to any rights, claims or position of either party under the previous resolution of the Security Council.

5. However, as there is evidence that the parties are moving closer to each other already and that the Netherlands Government may be prepared to make a proposal for meeting the Republicans on article 2 it may be unnecessary for the Security Council to pass a formal resolution of instructions to the Commission. Perhaps the requirements of the existing situation could be met by a direction from the President of the Council in the sense of the discussions at the meeting or by postponing discussions to permit the parties, with the assistance of the UNCI, to seek accommodation on this point.

143.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, March 14, 1949

...

INDONESIAN QUESTION

2. Mr. [A.R.] Menzies said that the current discussions in the Security Council were focussed on the Netherlands proposal for round-table discussions to be held at The Hague in an attempt to find a means for the transfer of sovereignty to the United States of Indonesia. A number of governments had counselled the Netherlands to make an effort to meet Paragraph 2 of the Security Council Resolution of January 28 which called for the reestablishment of the Republican Government in Jogjakarta. The Netherlands had so far been reluctant to comply for reasons of prestige, security and economics. The Republicans, for their part, while agreeing to the idea of a round-table conference, had stated that they could hardly be expected to approve decisions at such a conference on behalf of the people of the Republic without first being reestablished as a functioning government in their capital.

3. Mr. [H.B.] Robinson said that over the week-end the Netherlands Cabinet had authorized Dr. Van Roijen to accept the proposal put forward by General McNaughton on March 11 in the Security Council. The effect of this proposal would be that the Security Council should instruct the United Nations Commission on Indonesia to convene a preliminary conference between the Netherlands authorities and the Republicans with a view to finding a mutually agreeable means whereby both parties could participate in The Hague Conference proposed last week by the Netherlands Government.

4. Dr. Van Roijen said, however, that the Netherlands Government could not accept the Canadian proposal if it meant that the preliminary discussions should be conducted *only* on the basis of the January 28 Resolution. The Netherlands Government would however agree to the terms of the proposal if the preliminary negotiations could include modifications acceptable to both parties, of the strict terms of the January 28 Resolution. If UNCI were authorized to sponsor such negotiations according to these broader terms of reference the Netherlands Government would

accept the Canadian proposal. Dr. Van Roijen had authorized the Canadian Delegate to inform the United States and United Kingdom representatives privately of this decision of the Netherlands Government.

5. *General McNaughton* said that it appeared that satisfactory progress would be made if the intent of the Canadian proposal were followed. Undoubtedly the anticipated strong speeches by the United States and United Kingdom delegates would influence the attitude of the Netherlands Government. He felt that the virtue of the Canadian proposal for the preliminary conference was that it would enable the Netherlands to adopt a more reasonable course without losing face, and should permit a practicable solution to be reached which would be acceptable to both parties. The greatest difficulty arose from public opinion in Holland which had been consistently misinformed about developments in Indonesia and now tied the hands of the Netherlands Government. The holding of The Hague Conference would give them a chance to give their people a clearer picture of the situation.

6. *General McNaughton* added that the Security Council would not adopt a resolution on the question which would have the effect of modifying the resolution of January 28. The Security Council would be willing to accept any solution which both parties to the dispute would find acceptable. The Security Council would probably implement the Canadian proposal by incorporating it in the form of a letter from the President of the Council to the UNCI.

144.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 305

New York, March 15, 1949

Following from Ignatieff, Begins: Indonesia.

It is expected that at the meeting of the Council on Indonesia, Wednesday 16th March, the point will be reached in the discussion when the suggestion made by *General McNaughton* in the Council Friday 11th March might be brought appropriately to a focus in the form of a summing-up of the discussion by the President of the Council. Having in mind also the various references which were made to *General McNaughton's* statement in the meeting of the Council Monday 14th March (see our No. 301 of March 15th),† I have prepared the following draft text of a statement which might be used by the Canadian representative if you approve. Text begins:

2. "Some questions have been raised by several representatives with regard to the statement made by the Canadian representative in the Council on Friday last, and I should like to take this opportunity to provide the further explanations of that statement which are apparently desired by members of the Council.

3. It would appear from the comments made by most of the members of the Council, as well as the representatives of other nations participating in our discus-

sions, that the idea of having the United Nations Commission for Indonesia convene the representatives of the Netherlands Government and of the Republic of Indonesia in preliminary discussions in order to assist the parties in reaching agreement as to the time and conditions for holding the proposed conference at The Hague, has generally met with support.

4. This proposal has already been accepted by the Government of the Netherlands. The distinguished representative of the Republic of Indonesia raised some questions with regard to the proposals of the Canadian delegation at the meeting of the Council on the 14th of March. In the first place, let me confirm to Dr. Palar the interim assurance given by the Canadian representative at that meeting to the effect that the statement of General McNaughton on 11th March related only to the preliminary discussions to be carried out under the auspices of our Commission in Indonesia, and not to the conditions under which the subsequent conference between all parties to the Indonesian dispute, which has been proposed by the Government of the Netherlands, might be held. In fact, the Canadian delegation had endeavoured to make it clear that its proposal was intended essentially for the purpose of opening the way, by developing the necessary agreement and cooperation of all parties, to enable the suggestion of the Netherlands Government for a subsequent round-table conference to be developed into a practicable and acceptable procedure. In our view such a preliminary discussion is not only desirable but absolutely necessary. Otherwise little or no progress may be expected towards the negotiations, contemplated by the Resolution of the Council of 28th January in its third operative paragraph.

5. It is clear to our delegation, as I hope it is clear to other members of the Council, that it would be impracticable that the Council should itself attempt to specify the conditions and procedures which might enable the parties to undertake direct negotiations as proposed by the Netherlands Government. These are questions which in our opinion should be worked out in the preliminary discussions and on the spot, with the assistance of our Commission, acting by virtue of the Council's Resolution of 28th January and with the powers conferred upon it by that Resolution, which include the power to make recommendations to the parties as well as to the Security Council on matters within the competence of the Commission. And here let me say to the representative of the Republic of Indonesia that this understanding with regard to the powers that our Commission would have in the exercise of its responsibilities in the preliminary discussions is not intended, in any way, to be confused with the status that the Commission might have in the subsequent conference which it is hoped will take place at The Hague. This question will have to be decided later by the Council.

6. The distinguished representative of the Republic of Indonesia raised another question with regard to the statement of the Canadian representative on Friday last, when he suggested that our proposal was founded on the mistaken impression that the aims of the Netherlands Government, as set forth in its proposal of 26th February, are identical with the aims of the Security Council and the Republic of Indonesia. The distinguished representative of the Netherlands made a reply on this point at the meeting of the Council on the 14th March. Referring to this question of the ultimate objective of Netherlands policy the transfer of sovereignty from the

Netherlands Government to the United States of Indonesia, he said "I should now like to state most emphatically that the transfer according to the agreement of Renville will be real, complete and unconditional." However, it is my view that the objection of the distinguished representative of the Republic of Indonesia, (even if it were not already satisfactorily disposed of by the distinguished representative of the Netherlands) would not constitute a valid reason for rejecting a proposal that preliminary discussions might be held between the representatives of the Republic of Indonesia and of the Netherlands Government for the express purpose of trying to reach an agreement which might enable the representatives of the Republic to attend a conference at which this very question of the transfer of sovereignty would presumably be one of the principal subjects of negotiation.

7. As regards the question raised by the distinguished representative of India as to the status in which the representatives of the Republic might attend the preliminary discussions now proposed, as well as the subsequent negotiations suggested by the Government of the Netherlands, I should like to make it clear that it would be the understanding of the Canadian delegation that at the preliminary discussions leaders of the Republic of Indonesia would be invited by the United Nations Commission on Indonesia to attend and that one of the principal questions to be considered at these preliminary discussions would be the manner in which the Republic of Indonesia would be represented in any subsequent negotiations such as those suggested by the Government of the Netherlands. Nothing in this most important issue would be regarded as pre-judged, as our proposal specifically states that these preliminary discussions would be "without prejudice to the resolutions of the Security Council and to the rights, claims or positions of the parties."

8. This brings me to the question raised by the distinguished representative of the USSR at the meeting of the Council on Monday, 14th March. I understood the representative to have asked whether such a conference would be equivalent to a conference between prisoners and the warden of the prison. Insofar as this is not a rhetorical question, to which the distinguished representative himself knows the answer, I would say that the preliminary discussions would be held between the representatives of the Netherlands Government and the leaders of the Republic of Indonesia, all of whom, it is my understanding, have already been released in accordance with the Resolution of the Council of 28th January. As I have said, one of the principal problems of these preliminary discussions would be to find a mutually acceptable and voluntary agreement which would enable the Republic of Indonesia to participate fully and under conditions acceptable to the Republic of Indonesia as well as to the Government of the Netherlands in the subsequent direct negotiations in accordance with the proposal of the Netherlands Government.

9. It has occurred to me that, in order to assist you, Mr. President, in summing up the sense of the Council on the discussion which has taken place with regard to the suggestions made by the Canadian delegation on 11th March, that I would submit at this time the following summary of that proposal which might serve as a basis for communication from the President to our Commission in Indonesia. With your permission I shall read it at this point and I shall pass a copy of this portion of my remarks to the Chair." (Here would be inserted whatever text of the "summing up" was agreed between seven members of the Council). Ends.

145.

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*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 260

Ottawa, March 16, 1949

SECRET

Following for Ignatieff from Holmes.

Your telegram No. 305 of March 15. Indonesia. Following are our preliminary views on your draft statement and recent developments in the Council.

2. If a preliminary meeting is to be convened in Indonesia for the purpose of discussing the conditions for holding a round table conference at The Hague, there must be preliminary agreement between the three parties: the Netherlands, the Republicans and the Security Council on the terms of reference for this meeting. In our view it is important to get the parties together again around a conference table. To achieve this first step the preliminary conditions set should be kept to a minimum. We consider that the presence of U.N.C.I. at the meeting will be sufficient guarantee that the basic purposes and objectives of the Council's resolution of January 28 will be kept constantly in view.

3. We are gratified to learn from your telegram No. 301 of March 15† that the Netherlands representative announced the willingness of the Netherlands Government to accept the Canadian proposal in the terms and with the objective formulated by General McNaughton in his speech on March 11. While it is unnecessary to ask the permission of the Netherlands Government before modifying the terms of our proposal we are a little uneasy that they should feel that we had switched our position pretty substantially if we are to give our support to the United States draft summing up given in your telegram No. 298 of March 14† without making a further effort to obtain a compromise wording closer to the rather less restricted conditions that General McNaughton suggested for the preliminary meeting. We think therefore that an effort should be made to bring the Netherlands representative along with us giving him to understand that we must go along with whatever the majority regards as the consensus of the discussions in the Council.

4. We are inclined to think that the United States draft summing up is perhaps worded more with an eye to the record than to getting the parties together around a conference table again. This may be practical politics but we suggest that you make a further effort to secure agreement on a more generalized wording of the conditions for the preliminary meeting. The United States draft, for instance, mentions in three places the resolution of January 28. We would think it would suffice if it were indicated at the beginning of the summing up that throughout the discussions it was made abundantly clear that the Council continued to regard the resolution of January 28 as the procedure best suited to achieve a just and lasting settlement of the Indonesian dispute. Thereafter, the statement might mention that the Council hoped

that some way acceptable to all parties might be found to take advantage of the proposal of the Netherlands Government for a round table conference for the purpose of seeking early agreement for the transfer of its sovereignty over Indonesia to an Indonesian Federal Government fully representative of the whole of Indonesia. With this objective in mind the Security Council wished U.N.C.I. to assist the parties in reaching an agreement as to the time and conditions under which the proposed conference at The Hague could be held.

5. We realize, of course, that the wording of the summing up must receive majority support and it may be that the United States wording is closer to the sense of the discussions. At the same time we would hope that a further effort might be made to achieve what we consider is a more practical approach to the problem.

6. Our comment on the draft remarks contained in your telegram No. 305 depends to a considerable extent on the wording of the summing up that would be given at the end. We have the impression that your draft is based on the more general conditions for the preliminary meeting envisaged by General McNaughton in his statement on March 11. If however more explicit reference to the January 28 resolution is to be included such as that contained in the United States draft we feel that a number of your paragraphs might be strengthened with reference to the January 28 resolution. It is our view also that the intention of the last sentence of paragraph 5 of your telegram might be more fully explained.

7. We have not been able to secure the Under-Secretary's views this morning. Though we have no reason to believe that he will differ with the views expressed as they conform to the general lines of policy previously approved by the Minister, nevertheless you should know that the telegram as it stands represents only the thinking of Menzies and myself.

146.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 327,

New York, March 19, 1949

SECRET

Indonesia.

1. On my return from the Joint Board discussions I had an opportunity to review the various messages which have been sent to you from the delegation, reporting the development of views on the idea that the Council should authorize its Commission in Indonesia to hold preliminary discussions between the Netherlands and the Republic in order to clear the way to the holding of The Hague Conference. At this stage in the Council's discussion the point is likely to be reached where decisions will have to be taken, either on Monday, or at the immediately following meeting of the Council. Accordingly, I should like to take the opportunity of

briefly summarizing the position, as I see it, in order that you might let me know whether I may proceed along the lines indicated in this message.

2. I have been proceeding in the discussions here on the basis of your message No. 219 of 7th March,³⁸ addressed to the Canadian Ambassador to the Netherlands and myself, and your subsequent message No. 249 of 14th March,† addressed to Wrong in Washington.

3. Summarizing the position indicated in these messages, which I have followed in the Council, as well as in my discussions with Van Royen and the other representatives concerned in this matter, the following are, in my view, the essential elements:

(a) We welcome the Netherlands offer to seek early agreement for the transfer of sovereignty over Indonesia to the United States of Indonesia, and the suggestion that a conference be held at The Hague to negotiate this agreement, provided arrangements are made that this conference takes place with the agreement and co-operation of all parties directly concerned.

(b) In order to enable this conference to take place, it must be regarded as a "practicable and acceptable" procedure by all the parties concerned in the proposed negotiations. To this end, UNCI should, in the first instance, seek, within the powers conferred upon it by the resolution of 28th January, a way of bringing about an acceptable and voluntary agreement between the representatives of the Netherlands and of the Republic, which would enable the latter to participate in The Hague Conference as one of the parties to the negotiations leading to the transfer of sovereignty in Indonesia.

(c) The principal obstacle to the participation of the Republic in The Hague Conference is the question of implementing Article 2 of the operative part of the resolution of 28th January, calling upon the Netherlands Government "to facilitate the immediate return of the officials of the Government of the Republic of Indonesia to Jogjakarta". An endeavour should be made, with the assistance of UNCI, without prejudice to the Council's resolution of 28th January (including Article 2) to seek agreement on the manner in which this restoration should take place, and also on the time and conditions for holding the proposed conference at The Hague.

(d) As one of the members of the Council which supported the resolution of 28th January and contributed to its drafting, we stand by the resolution of 28th January. What we seek at this time is to help the Netherlands Government and the Government of the Republic to work out an agreement regarding the implementation of those parts of the resolution which are essential for further direct negotiations between all parties concerned in the Indonesian dispute leading to a peaceful settlement whereby sovereignty may be transferred from the Netherlands Government to the United States of Indonesia.

4. When I spoke in the Council on 11th March, I merely advanced the suggestion for a preliminary conference for the consideration of the other members of the Council. However, the representative of the Netherlands was instructed by his Gov-

³⁸ Répétition du document 140.
Repetition of Document 140.

ernment to accept the idea in the precise terms in which I had made my suggestion, as if it were a final proposal. I have, in private conversations, left Van Royen with no doubt, however, that, if the suggestion is to be acceptable to a majority in the Council and, in particular, to the members who supported the resolution of 28th January, (namely, Canada, China, Cuba, Egypt, Norway, United Kingdom and United States) my suggestion would have to be developed in the light of their comments. I have also suggested that it would not be necessary for the Council to take a new resolution, as all that was being suggested was that UNCI be invited by the President to take the necessary steps, within their existing authority, to aid the parties to reach agreement on the manner in which the resolution of 28th January might be implemented so as to enable the Republic to participate in the negotiations necessary for a settlement.

5. At a conference held in the office of the United Kingdom delegation this morning, a formula was provisionally agreed to, in the terms contained in my immediately following teletype,† between the delegations of the United States, United Kingdom and ourselves. It was further agreed that I would approach the President of the Council (Alvarez of Cuba) at 10:00 a.m. Monday morning, and explain to him more fully the suggestion for preliminary discussions on Indonesia, under the auspices of UNCI, which, at present, he is reluctant to accept for the reasons given in paragraph 2 of my teletype No. 313. If, as seems probable, the President does not agree to put forward the formula himself, it is proposed that I should do so in a statement to the Council on the lines of paragraph 3 above. This is on the understanding that the formula would have been accepted beforehand by seven members of the Council. The United Kingdom and United States delegations undertook to approach the other delegations which had supported the resolution of 28th January and to inform the Netherlands and Republican representatives.

6. I recommend that I be given authority to follow the line of action I have suggested in time to enable me to speak to the President on Monday morning, 21st March. The Council meets on Indonesia at 3:00 p.m. Monday.

7. In my opinion, and this is shared by the delegations of the United Kingdom and United States, if the present suggestion for preliminary discussions to be initiated by UNCI is not accepted by the Council, there seems little or no prospect that The Hague Conference will take place with the result that it will probably not be possible to avoid a head-on collision between the Netherlands and the Council. There is no hope of a majority of the Council authorizing UNCI to attend The Hague Conference until the prior question of the participation of the Republic in such a conference is settled on a basis acceptable to the Republic as well as to the Netherlands. As I have already reported, our present information is that the Federalists will not be willing to attend The Hague Conference unless this prior question is settled.

147.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au sous-secrétaire adjoint d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Deputy Under-Secretary of State for External Affairs*

[New York, March 19, 1949]

After discussing with you last evening the position of the Canadian Delegation concerning Indonesia, I had a talk with Mr. Ignatieff by telephone.

2. General McNaughton and Mr. Ignatieff feel strongly that as a result of our pressing them to seek a compromise solution which might be accepted by the Dutch as well as the Indonesians, they have found themselves with the bit between their teeth. To withdraw at this point would end any hopes of the Council finding a compromise, because the initiative is recognized by all Members of the Council to rest with us.

3. The attached telegram† which came in later last evening from New York describing the views of the Indian Delegation is, I think, particularly revealing. If the Indians as well as the Dutch are looking to us to find the answer, then we really ought to make an effort.

4. It appears, however, that the initiative may be somewhat diffused at this point. At eleven o'clock this morning the General is meeting informally with the United States and the United Kingdom representatives in the latter's office, to discuss a possible text of a statement for the President, which might be put to the seven sponsors of the January 28 resolution. The Americans have previously expressed the view that the decision at this point would be not a substitute for the January 28 resolution but a further definition of it, and that, therefore, responsibility for this definition should rest with all of the sponsors.

5. It will probably not be possible for us to inform General McNaughton of the Minister's wishes before he goes to the meeting, but I suggested to Mr. Ignatieff that the General might, at the meeting, explore the possibilities of a compromise text and then submit this compromise text to us for the Minister's consideration. We would, therefore, have something much more concrete to put before the Minister.³⁹

6. It is understood that if an agreed text were reached in the meeting this morning, the initiative would rest with the three parties concerned to speak to the other four. What was originally, therefore, a Canadian suggestion has become less our private proposal.⁴⁰

7. However, the President has asked General McNaughton to see him on Monday at ten o'clock to tell him what we have in mind and to see if he can or cannot

³⁹ Note marginale:/Marginal note:
I agree [Escott Reid]

⁴⁰ Note marginale:/Marginal note:
Good [Escott Reid]

support our proposal. Presumably the exact nature of what the General could say to the President will depend on the meeting this morning.

8. Mr. Ignatieff has said that he will report to us immediately the results of this morning's meeting so that they may be reported to the Minister. We are making tentative arrangements to have the wire open to New York tomorrow for an hour so that we might, if necessary, communicate with them.⁴¹ Would it be possible to have the Minister prepared in advance to consider this message when it arrives? It might be here this afternoon, but I doubt if we could expect to receive it before one o'clock.

9. I should be grateful to have your views as soon as possible so that I might make the necessary arrangements with the Communications officers.

J.W. HOLMES

148.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 346

New York, March 23, 1949

SECRET

Indonesia.

1. Van Royen came to see me Wednesday, 23rd March, and I gave him the text of the formula which was agreed between the seven delegations at the private meeting in the office of the President Tuesday, 22nd March, text of which was transmitted to you in my message No. 338 of 22nd March.†

2. Van Royen expressed the view that the revisions made in the formula were an improvement on previous versions, but regretted that there were so many references to the 28th January resolution.

3. I told him that the present text represented a compromise which had to be reached between a majority of the members of the Council, was not intended to be weighted against either party and followed essentially the lines indicated in the statement made by myself and the representative of China in the Council on 11th March. It did not and could not reflect, I pointed out, certain interpretations of what I had said as contained in certain statements made in the Council including that of Van Royen. I pointed out that the text represents a message which would be sent, if approved by the Council, from the President to UNCI. The Commission would then get in touch with both parties in order to commence the preliminary discussions. I made the personal suggestion that the reaction of the Netherlands Government to the proposal might appropriately be withheld until the Netherlands Government

⁴¹ Note marginale:/Marginal note:

Could you & Menzies arrange this through Riddell E[scott] R[eid]

had been invited by the Commission to appoint representatives to participate in the preliminary discussions in Indonesia.

4. Van Royen referred again to the difficulties in which his Government found itself, particularly in consequence, as he said, of the attitude of the United States Government, and referred to a suggestion which had apparently been made by Dupuy in The Hague that the Council might postpone any decisions until Stikker had had an opportunity of meeting with Acheson and yourself in Washington, possibly within a week's time. Van Royen evidently did not expect that this represented a practicable proposal, for he recognized that, now that a compromise text had been agreed between seven delegations, there would be difficulty in seeking a postponement of further discussion in the Council. I confirmed this view.

5. Actually, all I know of Dupuy's suggestion is what Ignatieff heard of it in his conversation with Holmes this morning. I must point out that, in addition to the views which Ignatieff expressed at that time, particularly the likely interpretations which might be given to this suggestion on the part of the Asiatic nations in relation to the North Atlantic Pact, a postponement would certainly lead to grave difficulties with the President of the Council, Dr. Alvarez. He was most reluctant to accept even the compromise formula and did so only, as he said, because the other six delegations which had supported the resolution of 28th January were willing to accept it. He would be, in my view, very quick to seize upon a request for postponement, to refuse to have anything further to do with a suggestion for preliminary discussions in Batavia, and would resume the position which his delegation has maintained, namely that no discussions of any kind should be initiated with the Dutch until they had complied with the requirements of the resolution of 28th January, to restore fully the Republic as a negotiating party. In yesterday's private meeting he left us in no doubt as to his real convictions on this point.

149.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 353

New York, March 24, 1949

SECRET

Indonesia.

At the meeting of the Security Council, Wednesday 23rd March, the Council agreed by a vote of eight to none with the Soviet, Ukraine and France abstaining, to have the President request UNCI to initiate preliminary discussions in Indonesia in the terms contained in my teletype No. 338 of 22nd March.†

2. It was found necessary to put this text to a vote, instead of adopting the text as a ruling from the President, because the Soviet Union called for a vote.

3. The decision was not taken without difficulty, however, as it developed that the Egyptian representative, in giving his consent reluctantly to the agreed text, at the preliminary consultations between the seven delegations, had not, repeat not, obtained the assent of the other representatives of the New Delhi group participating in the discussion in the Council. Thus, after I had made a statement, the text of which was transmitted to you in my teletype No. 347, the Indian representative and Hood of Australia attacked the agreed formula and my interpretation of it. In particular, Sen of India, speaking for this group, went back to the point which had been urged previously by Cuba and Egypt in the consultations between the seven delegations, namely, that the preliminary discussions themselves must be divided into two stages. The first of these stages would relate only to the restoration of the Republic to Jogjakarta (Article 2) and its reconstitution as a fully qualified negotiating party. Only after the full reconstitution of the Republic as a negotiating party, would discussions be held concerning both the implementation of the cease fire clause of the resolution on 28th January (Article 1), and the time and conditions on which the Hague Conference might take place.

4. The representatives of India and Australia made their arguments with such insistence, and spoke in such critical terms of the text which I had put forward, that the representative of Egypt informed the President (Dr. Alvarez) that he had no alternative but to withdraw his support for the formula as it had been put forward and with the explanation which I had given in my statement.

5. In the circumstances, I spoke to Tsiang, who informed me that, prior to the meeting, Palar had indicated that, while he was not entirely happy about the formula, he had been persuaded by Tsiang that the last sentence of the text (stating that "if such an agreement is reached, the holding of such a Conference and the participation by UNCI" would be in accordance with the Council's resolution), provided sufficient safeguard for the Republican position. However, in consequence of the Indian and Australian statements, he (Palar), had no alternative but to adopt the same position as the other New Delhi members. Tsiang offered the comment that Palar's friends had not served him well in taking such extreme positions. Tsiang agreed to make a statement urging the New Delhi group to accept the formula as it stood, without insisting on the preliminary discussions being held in two separate stages, for the reasons he had given to Palar.

6. Despite Tsiang's helpful statement in the Council, I found it necessary to speak to Fawzi Bey personally and urge upon him the grave situation which would arise if the Council failed to take any decision at this time, and the inevitable repercussions of such a situation in Indonesia, leading to mounting violence. Fawzi agreed with my view, but asked me to understand that, as a representative of a Moslem country and of a nation represented at the New Delhi Conference, he was under great pressure to maintain the position urged by the New Delhi group. However, he finally consented to support the resolution, provided I would not object to his making an explanation before the vote, stating that he was supporting the formula with the interpretation given it by the New Delhi group. In fact, he said he would only vote for the resolution if his interpretation was not challenged by any member of the Council. I then spoke privately to Arce of Argentina who said that he had hoped to continue his policy of abstention in this controversy, but, provided Egypt would

vote in favour (to make the necessary majority of 7 votes without him) he would add his support. In fact, Arce made a useful short intervention in favour of our proposal.

7. You will see, from this account of the events yesterday, the serious difficulties which arose because of the real differences of approach to the Indonesian problem as between the New Delhi group (and those who support their position), on the one hand, and the Western Nations on the other. This is a situation to which I have previously referred several times in my reports and which gives me grave and increasing anxiety. I must emphasize that it was only through the personal intervention and prestige of Dr. Tsiang that any decision was reached by the Council yesterday, and, even though a decision was reached, there was clearly no agreement as between the two groups on the interpretation of that decision. Our Commission in Indonesia will thus be left with the difficult task of applying this text, which has now a background of several differing explanations given in the Security Council.

8. I must also point out that the difference between the New Delhi group and the other members of the Council who supported our formula, was regarded by the former group as being based on a matter of principle. In their view, the Dutch had endeavoured to "eliminate" one of the parties to the Indonesian dispute by force and, in their opinion, no negotiations of any kind should be undertaken with the sanction of the Council until the Republic had been fully restored in accordance with Article 2 of the resolution. Delegating authority to UNCI to undertake discussions to help the Dutch and the Republicans to implement Article 2 is, in their view, a compromise with principle which the Council should not have accepted. We were urged by their spokesman to insist on the immediate and full implementation of Article 2, before sanctioning any negotiations with the Dutch, whether at The Hague or in Batavia.

9. I venture to report this view in full, as I can not emphasize too strongly that, should the preliminary discussions in Indonesia fail to materialize, owing to continued objection on the part of the Netherlands Government, or should these preliminary negotiations, once begun, break down for reasons which might clearly be attributed to the attitude of the Netherlands Government, then the Council would be faced with very severe pressures to insist upon the full implementation of the resolution of 28th January, including the consideration of sanctions under Chapter 7 of the Charter.

10. If events should develop in this way and should the Council, as seems possible, fail to take action under Chapter 7, the New Delhi group might meet to consider some concerted action of a coercive nature, on the grounds that the Council had failed to take action to restore peace and security in South-East Asia. In this connection, members of the Indian delegation here have expressed the view to us that there is a growing anxiety among the nations of South-East Asia as regards the effect of the North Atlantic Pact on the Indonesian question. They have said that, while they fully understand the justifications for the North Atlantic Pact in terms of the self-defence of the Western Nations against the threat of Communism in Europe, they would hope that this Treaty would not be used to support Dutch poli-

cies of colonialism in Asia at the expense of the wider considerations of international peace and security, as formulated in the Charter. Ends.

150.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TOP SECRET

New York, March 24, 1949

My dear Mr. Pearson:

You will have by now seen my message No. 353 of 24 March, reporting on the adoption, on 23 March by the Security Council, of the Canadian proposal for preliminary discussions in Indonesia under the auspices of the UNCI. From this message, you will be aware of the grave anxieties I have come to feel in regard to the way in which the Indonesian situation is developing, particularly from the standpoint of Canada's relations, as a Council member, with the nations of South-East Asia and the Pacific.

I have reported my views fully in the last few weeks concerning the most recent stages in the discussions of the Indonesian question and, therefore, perhaps I need not recapitulate them in detail at this time. The position which we have taken in the Council has sometimes been misinterpreted by various observers as being essentially directed to aid the Dutch to find a way out of their grave difficulties in Indonesia. I have not so regarded our position and I have consistently taken the view that the Council must endeavour to use every possible means of pacific settlement and that it should only resort to coercive measures if such procedures of pacific settlement have been clearly exhausted beyond all possibility of doubt. For this reason, and taking advantage of the opening given by the Netherlands Government by their offer of a conference at The Hague to discuss an earlier transfer of sovereignty to the United States of Indonesia, I have pressed our proposal to have the Council's Commission in Indonesia undertake further efforts at bringing the representatives of the two parties together in an endeavour to reach agreement on the implementation of the Council's Resolution of 28 January.

However, I must confess to you frankly that the reported attitude of our representative at The Hague, on the occasion of the consultations leading to the adoption of the Council's Resolution of 28 January, and, subsequently, when the Council was about to take a decision on our latest proposal on Wednesday, 23 March, has given me serious concern that neither our position in the Council nor the dangerous state of affairs which may well develop in South-East Asia is fully appreciated by him.

In regard to our position in the Security Council, the Canadian Delegation has, as you know, during the past year and a half, endeavoured, at all times, to maintain a record of the strictest impartiality on all matters which have come before the

Council. We have constantly sought to find, in so far as possible, practicable solutions to the difficult and complex disputes which have come up for discussion.

We have heretofore always been able to maintain our reputation for impartiality and objectivity with the nations of South-East Asia with whom, particularly as a result of what we were able to do in the Kashmir dispute, we have had relations of friendship and understanding. Our accession to the North Atlantic Pact will, in a sense, make even more difficult this problem of our maintaining friendly relations with these states. While these nations are fully prepared to understand our position concerning the necessity for maintaining in Europe a firm front of resistance against Communist expansion, they have repeatedly shown apprehensions lest the possible effect of the North Atlantic Pact might be to divert the fullest drive of Communist expansionism from Europe to Asia. They also fear lest some of the nations participating in the North Atlantic Pact, and by reason of the guarantees which this will give to their security at home, might feel free to divert forces to Asia for the purpose of supporting their colonial policies, and, of course, these apprehensions are primarily concerned, at this time, with the Dutch.

In short, what I really fear is that, out of the Indonesian question, might develop a very serious rift between the states participating in the North Atlantic Pact and those nations of South-East Asia and the Pacific which are trying, in most difficult circumstances, to stem the tide of Communism and to maintain democratic forms of government. I believe it is imperative that these nations should be given our support and that they should continue to be regarded as our friends.

I have ventured to write to you very frankly as I am sure that you regard this matter as I do. I am not so sure, however, that these views are sufficiently appreciated by our representative at The Hague and this is the reason for my writing to you in this manner. In closing, I cannot emphasize too strongly my opinion that we must continue to act in this Indonesian dispute with the most scrupulous impartiality and objectivity. The dangers to which I have referred are, in my judgment, so real that any departure from this course would arouse against us such a tide of resentment among these Eastern nations that our influence in the Council would be weakened and thus the possibilities would be compromised of our working with them to counteract the spread of communism in Asia.

Yours sincerely,

A.G.L. MCNAUGHTON

151.

DEA/50054-40

*Note du sous-secrétaire adjoint d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 26, 1949

Attached is a copy of an immediate telegram no. 73 of March 22 from the Ambassador in The Hague,† reporting the discussion at a meeting to which the

Netherlands Foreign Minister called the United Kingdom, French, Belgian and Canadian Ambassadors in order to express his objections to the latest text of a formula being worked out by the seven powers which had supported the January 28th Resolution to express the sense of the recent discussions in the Council. Mr. Stikker's principal objection was that by placing the return to Jogjakarta on top of the agenda of the proposed Batavia conference, the Republicans would be put in a position in which they could obtain a decision on this point and then refuse to accept the other part of the bargain, which was the Round Table Conference. Mr. Dupuy, along with the United Kingdom and French Ambassadors, attempted to persuade Mr. Stikker that he was misinterpreting the latest text, and that the Dutch would be very wise to accept it. Mr. Stikker agreed finally that the matter was one of drafting, and he therefore showed considerable interest in a proposal made by Mr. Dupuy that an appropriate text might be discussed among Bevin, Spaak, Schuman and Stikker, who were sailing the next day on the Queen Mary for New York. Mr. Dupuy further proposed that this agreed text should finally be submitted at a meeting in Washington attended by the Foreign Ministers mentioned above, together with Mr. Acheson and yourself.

2. This telegram arrived Tuesday evening and was referred to the Delegation in New York. Mr. Holmes discussed it on the telephone with Mr. Ignatieff. Mr. Ignatieff's view, which was later confirmed by General McNaughton, was in keeping with our own impressions and with what we had expected would be the view of the Delegation. These views might be summarized as follows:

1. There was no chance whatsoever that the President of the Council would at this point agree to a postponement in order to make way for a text revised to please the Dutch. Mr. Alvarez had very reluctantly agreed to join the other seven supporters of the January 28th Resolution in the compromise text which was finally accepted by a narrow majority in the Council. The result of an endeavour to secure such a postponement would probably have been to spoil any hope of securing a successful conclusion to our present endeavours at reaching a compromise.

2. The amendments agreed upon just before the Council meeting by the seven powers had done something to remove Mr. Stikker's objections. Mr. Stikker's principal objection was, furthermore, hardly valid. Our attitude has been that the Batavia meeting is to discuss two subjects, that there is no bargain, and that no conditions can be imposed by either side in advance.

3. The present statement is to be a directive to the United Nations Commission. It is not an instruction to the Indonesians or to the Dutch. There is no need, therefore, for the Dutch to accept it or reject it.

4. Perhaps the principal objection to Mr. Dupuy's suggestion, is that there is latent in it a precedent which we ought not to adopt without most serious consideration. The proposed meeting in Washington would be a meeting in fact of the Foreign Ministers of the original signatories of the North Atlantic Pact. Mr. Dupuy did not suggest that it should be called by such a name, but the impression given abroad would be that a new institution had been inaugurated and that the first consideration of the new institution was the protection of the colonial interests of one of the North Atlantic powers.

In this connection we should bear in mind a remark made to General McNaughton several days ago by the Indian Permanent Representative in New York, Mr. Menon. Mr. Menon, who had shown a great deal more understanding of the good intentions of the Canadian Representative than had some of the other representatives of the New Delhi powers, nevertheless said to General McNaughton that, if Canada and other members of the North Atlantic Pact were going to consider their obligations to other members of the Pact as having priority over their obligations as members of the Security Council, the effect on Asia would be disastrous. Such criticism of a well-intentioned meeting of Foreign Ministers might be somewhat unfair, but we should not ignore the interpretation which would be placed on it by the Indians and others. It would be particularly unfortunate, at the present moment, to give such an impression of our conception of the North Atlantic Pact to the Indians when the question of their relations with the Commonwealth is a subject of urgent discussion.

3. If we are to help our Dutch allies we should act within the framework of the Security Council. The present group of seven, which has been working together in the Council and which includes countries like Egypt and China, is more likely to impress world opinion than a group of North Atlantic powers which might be described as getting together to cook up a solution in aid of a fellow imperialist power.⁴²

4. In view of the above considerations I did not think that we could press General McNaughton to request adjournment of the Council for a matter of at least a week. He was instructed, however, to consult with his United Kingdom, French and Belgian colleagues in order to find out if they had received any instructions as a result of the discussions in The Hague. The Delegation reported that the other countries concerned did not seem to be pursuing actively the proposal for a postponement and that Dr. van Roijen himself thought it impracticable. In the hours before the Council meeting it became more and more clear that the formula as drafted by the seven powers included the best possible concession to Dutch wishes that could be secured. The meeting itself was a difficult one, and it was only the redoubtable energy of General McNaughton and Mr. Ignatieff in holding their support that made success possible.

E[SCOTT] R[EID]

⁴² Note marginale:/Marginal note:
I entirely agree LB P[earson]

152.

DEA/50054-40

*Note du sous-secrétaire adjoint d'État aux Affaires extérieures
pour l'ambassadeur aux Pays-Bas*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Ambassador in The Netherlands*

CONFIDENTIAL

Ottawa, March 29, 1949

Dear Pierre [Dupuy]:

Dr. van Roijen called on me this morning to take his leave and to discuss his assignment to head the Netherlands Delegation at the preliminary conference to be held in Batavia shortly. Mr. Holmes and Mr. Menzies were present. Dr. van Roijen looked tired and it was evident that he had been under very considerable nervous strain for some time and it is unfortunate that he will have to press on so soon without rest to undertake these new and critical negotiations.

2. It was apparent that Dr. van Roijen did not relish the prospect of his new assignment. He said that the Government had decided that it needed some new blood to undertake the negotiations in Batavia, particularly as new concessions were to be made in respect to the return of the Republicans to Jogjakarta. In making these concessions, Dr. van Roijen said that he might well damage his own reputation in the Netherlands where he might be regarded as an appeaser.

3. Dr. van Roijen was much concerned about the state of the public opinion in the Netherlands. He said that in many democratic countries there was a point beyond which no Government dared to go. The Netherlands Government had been compelled recently to tread dangerously close to this line. At one point, Dr. Drees and Dr. Stikker had contemplated resigning. He did not know what would have happened if they had done so.

4. I asked Dr. van Roijen what was being done in the way of a domestic information program to keep the Netherlands public in step with the decisions which the Government was taking. He said that everything possible was being done but that there were naturally many difficulties.

5. The United States attitude toward the original suggestion thrown out by General McNaughton in the March 11 debate had seriously upset Dr. van Roijen. He felt that certain United States officials had gone out of their way to impose the will of the Security Council on the Netherlands Government. He noted that the formula mentioned the January 28 resolution three separate times. He was not so concerned about the wording of the formula as the attitude on the part of responsible United States officials which he thought it revealed. He was afraid that the United States Government would not instruct Cochran to try to facilitate compromises at the preliminary conference by putting pressure on the Republicans as well as on the Dutch.

6. I asked Dr. van Roijen if he did not think that the United States Government required to be as sensitive to domestic public opinion in the United States as the Netherlands Government was in its own country. Dr. van Roijen replied that many

of the important columnists writing in United States papers had expressed sympathy for the difficulties that the Netherlands Government was facing in Indonesia. He mentioned Arthur Krock and Dorothy Thompson in particular. Mr. Holmes said that he thought that the United States delegation was not alone in insisting on adherence to the January 28 resolution. He thought this was in the minds of all delegations. Mr. Menzies said that he thought that it should be remembered that the New Delhi Conference countries considered that they had already gone the limit in compromise in accepting the procedures of the January 28 resolution rather than a full return to the *status quo* before the December "police action".

7. I told Dr. van Roijen that one of the things that had been troubling us during the last fortnight was a certain suspicion in some of the Asian countries that the North Atlantic Pact might be used to protect the colonial interests of some of the members. The suggestion that had been made recently that the Foreign Ministers of the North Atlantic alliance might discuss the Indonesian question at the Conference in Washington at the end of this week had therefore seemed to us most unwise; this was not in our opinion the type of question which should be discussed at a meeting of this kind. Dr. van Roijen agreed that it would have been tactically inexpedient. He thought however that advantage might have been taken of the conference to have some informal conversations on the subject. He hoped, for instance, that if the United States was genuinely anxious to have the Indonesian problem removed permanently from the Security Council agenda they might be convinced that pressure should be brought to bear on the Republicans as well as the Dutch to make concessions. So far he had not seen any disposition on the part of the United States officials to do this. Unless some direction came from the State Department he was afraid that Cochran, with his rather legalistic attitude, would not take any initiative.

8. I told Dr. van Roijen that we had been upset by reports that we had received from various quarters about the extent of Indonesian casualties during the December "police action" and in the round up of guerrillas since then. I said that if these figures were made public there would be general revulsion. Dr. van Roijen did not seem to me to grasp this point any too well as he spent some time explaining just how these high casualties were incurred.

9. We discussed for some time the difficult problem of securing cessation of guerrilla activities in the Indies. We tried to make the point to Dr. van Roijen that it would be necessary for the Netherlands Government to make some pretty generous offers in an effort to encourage the Republican guerrillas to desist from their present activities. Dr. van Roijen said that he recognized that this would be one of the thorniest problems. He said that the Netherlands was naturally as interested as anyone in finding some means of bringing these guerrilla activities to an end to restore law and order in the country.

10. Finally we had some discussion about the necessity of preventing untimely political organizational activities outside the preliminary conference occurring. Mr. Menzies mentioned that there had been reports of Federalist leaders in Sumatra proposing to call a conference of representatives of all territories in the island, including Republican territories. He thought that if this conference were to coincide with the preliminary conference in Batavia it might well create an unfortunate

impression. Dr. van Roijen said that this was a matter which he would have to discuss with Dr. Beel on his arrival in the Indies.

11. Dr. van Roijen had a conversation along similar lines with Mr. Pearson and Mr. Heeney yesterday.

12. I am attaching a copy of notes which were prepared for my guidance in the conversation this morning with Dr. van Roijen. While we did not adhere to this outline we did touch on most of the points during the course of our conversation.

Yours sincerely,

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

CONFIDENTIAL

[Ottawa]

NOTES FOR USE IN CONVERSATION WITH NETHERLANDS AMBASSADOR IN
DISCUSSION OF INDONESIA

1. *Difficulties in securing agreement on formula proposing preliminary conference.*

It is unnecessary to go over in detail with Dr. van Roijen the difficulties which the Canadian Delegation to the Security Council had in securing agreement of the eight original supporters of the January 28 resolution to a formula permitting sufficient flexibility in preliminary negotiations. There were two particular problems:

(a) The insistence of all delegations on adherence—and some more rigidly than others—to the January 28 resolution. The New Delhi powers felt that they had already gone the limit in compromise in accepting the procedures of the January 28 resolution rather than a full return to the status quo before the December “police action”.

(b) Suspicion of the ultimate intentions of the Netherlands Government in regard to transfer of sovereignty—a suspicion which we do not share.

2. *Essential for Netherlands Delegation to create favourable impression in preliminary conference.*

(a) It must be realized that every statement and communication of the Netherlands Delegation at the preliminary conference will be reported to the Security Council by the United Nations Commission. Care should be taken therefore not to permit the impression to be gained that the Netherlands is trying to get around the January 28 resolution or that the transfer of sovereignty will not be “real, complete and unconditional” as indicated in Netherlands statements.

(b) Consideration might be given to ways in which the Netherlands can meet the special preoccupations of the various U.N.C.I. delegations and secretariat. It would seem especially important that a further effort be made to seek to allay Australian suspicions. We have found the Indian Government has adopted a responsible attitude and has influence with the Republican leaders.

3. *Disposition of Republican Army (Guerrillas) will prove most difficult problem.*

(a) Dr. van Roijen should know that we have been shocked by the report we have received that 24,000 Republicans have been killed since the commencement of the December "police action" compared with 450 Netherlands soldiers, a ratio of 55 to 1.

(b) We recognize the obligation on the part of the Republican Government to issue a cease fire order. However, the Netherlands must recognize the necessity for making preliminary arrangements to see that this cease fire order can be made effective. Some facilities will have to be placed at the disposal of the Republican leaders to enable them to reestablish contact with the guerrilla groups and to reassert their authority over them. Otherwise the guerrilla leaders will repudiate the authority of the Republican leaders and there will be a drift to continued lawlessness and extremism. Some means of encouraging the guerrillas to cease their military activities must be found.

4. *Should recognize the political organization activities going on outside the preliminary conference will arouse suspicion especially if touching Republican territory.*

(a) Dr. van Roijen will recall the concern that was felt at the time reports were received of the establishment of a provisional regime in former Republican territory. Happily it was possible to show that these organizational activities were confined to territories that had been under Republican control before the first police action. Nevertheless, the reason why this concern was felt was due to previous Netherlands Government encouragement of political organization activities in former Republican territory at a time when they were conducting negotiations with the Republic.

(b) There have been reports that Federalist leaders have been considering convening a conference of representatives of all areas of Sumatra, including Republican territories. If such a conference were held at the same time that the preliminary conference was taking place it might well upset the negotiations.

153.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, May 13, 1949

...

INDONESIA

13. *Mr. Menzies* reported that the Netherlands and Republican delegates to the preliminary conference in Batavia had signed an agreement providing for the restoration of the Republican Government to its capital of Jogjakarta with authority over the whole residency. For their part, the Republican leaders had signified that they personally favoured the Republican Government, when re-organized, issuing a cease-fire order and sending representatives to a round-table conference at The Hague. Evidence that certain elements are dissatisfied with this agreement is to be found in the reports that Dr. Beel, High Representative of the Crown in Indonesia,

has resigned. Mr. Maarseveen, Minister of Overseas Territories, has given a report to the Netherlands Parliament indicating that the Government believes this agreement to be a necessary step in resolving differences in Indonesia with a view to securing progress toward a final political settlement.

14. As the result of the conclusion of this agreement, the Australian and Indian representatives to the General Assembly of the United Nations who had sponsored the proposal for placing the Indonesian question on the agenda, submitted a further proposal calling for deferment of discussion of the question until the fall meeting of the Assembly. This proposal secured general support.

154.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, November 7, 1949

...

INDONESIA

5. Mr. Menzies said that agreements between the Netherlands and Indonesian delegations on all subjects under negotiation at the Round Table Conference which has been going on at The Hague for the past two months were signed on November 2. On the recommendation of the United Nations Commission, the question of the future status of New Guinea was left over for a year. Enquiries have been received concerning Canadian views on this question and the matter is now under study.

155.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, November 21, 1949

...

THE UNITED NATIONS

1. Mr. Holmes reported that on November 18 at a meeting called by the President, Dr. Arce, of Argentina, the Security Council noted the receipt of the special report of the United Nations Commission for Indonesia on the Round Table Conference at The Hague. It is believed that Arce's motive in calling the meeting was his personal wish to preside again before the Argentine membership expires this year. Fortunately there was no discussion of substantive questions which, in view of the pending ratification of the agreement reached at The Hague, would have been inopportune. The Canadian representative supported a Ukrainian statement that the report was of such importance that the Council should have full information before it, and added that he wished on a later occasion to pay proper tribute to both the Dutch and the Indonesians and to the United Nations Commission for Indonesia.

156.

DEA/50054-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 421

New York, December 2, 1949

SECRET

Indonesia.

The Indonesian question is on the agenda of the Assembly and the Security Council, and likely to come up shortly in both forums.

2. In the Assembly, the item is to be taken up tomorrow morning, December 3rd, in the Ad Hoc Committee. It is hoped that the debate will be short. The delegations whose Governments took part in the Delhi Conference have been meeting, and have decided to introduce jointly a short resolution welcoming The Hague Agreement and the forthcoming establishment of the Indonesian Republic. The text of this resolution, which has been given to us in confidence, is contained in my immediately following teletype.† The most interesting point is that it has now been decided not to incorporate a final paragraph, which Palar (Indonesia) had originally wished to include, keeping Indonesia on the agenda for the fifth session of the Assembly. Palar has told us that he now realizes that such a paragraph would provoke Netherlands objections and might jeopardize Netherlands ratification.

3. The Indonesian and Indian delegations have both told us that they expect substantial criticism of The Hague Agreement from the Soviet Bloc, but have decided that they will not reply. Probably only two or three of the sponsors will speak; Palar says that he does not intend to ask to be heard; and it is hoped that most delegations will not speak at all, so as to avoid having anything said by other than Soviet delegations which might create difficulties in Indonesia or the Netherlands before ratification is completed.

4. In the Security Council, we have tentatively decided not to call a meeting to consider the Commission's report until the latter part of next week, or more probably early in the week of December 5th. The full documentation is being distributed in English only today, and will not be available in other languages until Monday. We understand that ratification in the Netherlands will begin on Tuesday, and is expected to be concluded by the end of next week. Palar has told Arnold Smith that he is satisfied to have Indonesia removed from the Assembly agenda, but attaches importance to favourable comments from the Security Council on the agreement, and evidence of continued Security Council interest which can be used by the Indonesian authorities to strengthen their internal support. Continuing the Commission will, he acceded, accomplish this purpose.

5. We are considering Canadian sponsorship of a resolution in the Security Council, welcoming the agreement, noting with satisfaction the Commission's report, commending the Commission and the parties, and possibly providing explicitly for

continued functioning of the Commission. We will send you a draft resolution along these lines, for your comments, in the next day or two. Naturally we would also wish to discuss such a draft with our friends on the Council, and with the Netherlands and Indonesian delegations, before introducing it.

157.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 380

Ottawa, December 3, 1949

SECRET

My telegram No. 789† of November 30 and your telegram No. 421 of December 2, Indonesia.

Dr. van Royen, Netherlands Ambassador, called at the Department yesterday afternoon to discuss with Mr. Holmes and Mr. Menzies some aspects of the Indonesian question in relation to its discussion in the General Assembly and the Security Council. Dr. van Royen intends to go down to New York early next week to be on hand for the discussion of the report of the UNCI in the Security Council. He will get in touch with you soon after his arrival.

2. *Terms of Reference of the Commission.* Paragraph 105 of UNCI's special report to the Security Council on the Round Table Conference (S/1417 of November 10) describes the further responsibilities which the Commission has been asked to assume in Indonesia. Article VI of the covering resolution of the Round Table Conference (actually contained in the correction sheet) provides "The United Nations Commission for Indonesia or another United Nations agency shall observe in Indonesia the implementation of the agreements reached at the Round Table Conference." Apart from this general provision, there are special provisions such as cooperation with the Joint Technical Commission to be established in connection with the repatriation of the Royal Netherlands army from Indonesia and overseeing the plebiscites called for in respect to the self-determination agreement.

3. Paragraph 116 of the special report of UNCI says "The Commission ... will continue to carry out its functions in accordance with its terms of reference, and observe in Indonesia the implementation of the agreements reached at the Round Table Conference". Dr. van Royen said that in drafting this paragraph, the commissioners deliberately overlooked the question as to whether the present terms of reference of the Commission were adequate to its new functions.

4. The resolution of 28 January, 1949 (S/1234) gives the terms of reference of the UNCI. Paragraph 4C says "Upon agreement being reached in such negotiations (for the establishment of an interim federal government, the holding of elections for an Indonesian Constituent Assembly and the transfer of sovereignty) the Commission shall make recommendations to the Security Council as to the nature, pow-

ers and functions of the United Nations agency which should remain in Indonesia to assist in the implementation of the provisions of such agreement until sovereignty is transferred by the Government of the Netherlands to the United States of Indonesia". The order of events envisaged in the resolution has been changed with sovereignty being transferred first and elections being held later. It seems to us rather doubtful whether it could be argued that the resolution of 28 January is adequate to the new responsibilities of the Commission. You may, therefore, wish to discuss this question with other delegations.

5. If new terms of reference are required, you will wish to bear in mind the possibility of the Soviet Delegate vetoing the resolution. While the Soviet Delegate has contented himself with abstaining on previous resolutions there is some question as to whether his government may consider the present time appropriate for making a complete break. You will recall that Mr. Arutunian, speaking in the ad hoc Committee on the Soviet peace resolution, criticized the Round Table Conference for setting up a puppet state in Indonesia. This is consistent with the present line of Soviet propaganda on this subject. If the Soviet Union were to veto the new terms of reference for the UNCI, it seems to us that it would be difficult to arrange for the transfer of this question to the General Assembly with a view to that body appointing a Commission, although this possibility has apparently been considered by the Dutch and the Americans.

158.

DEA/50054-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 432

New York, December 5, 1949

CONFIDENTIAL

Indonesia. Reference Candel No. 421.

In an unusually short debate marred only by Soviet propaganda tactics the ad hoc Committee commenced and completed on December 3rd its debate on the question of Indonesia (Item 20). The Committee adopted by a vote of 43 in favour (including Canada) to 5 against (Soviet bloc) with 4 abstentions the joint draft resolution (Document A/AC.31/L50) sponsored by 14 states of the "Delhi group."

2. The "Delhi group" resolution was ably introduced by Benegal Rau (India) and was strongly opposed by the Soviet bloc with Manuilsky (Ukraine) in the van. Manuilsky introduced a counter-resolution (Document A/AC.31/L.51) which demanded, inter alia, the withdrawal of Netherlands forces to specified positions; the release of Indonesian political prisoners; the dissolution of UNCI, and the establishment of a United Nations Commission empowered to investigate Netherlands activities, and to prepare and submit proposals for the settlement of the Dutch-Indonesian problem "on the basis of the recognition of the independence and sovereignty of the Indonesian people."

3. Manuilsky, after criticizing the Dutch at length, led an unsuccessful filibustering campaign to keep the debate open, using as a pretext the fact that annexes to UNCI's report had been distributed only to members of the Security Council. Manuilsky requested that no vote be taken on either resolution until this documentation was available to the Assembly.

4. There then ensued a lengthy procedural battle with the Soviet bloc using "over our dead body tactics" to keep the debate open. The Committee decided, however, to proceed to the vote immediately. As the Security Council is seized of the Indonesian problem, the Chairman put successive prior questions on each of the resolutions as to whether or not the Committee considered they constituted a recommendation in the sense of Article 12 of the Charter. The Committee voted that the joint (Delhi) draft resolution did not constitute a recommendation but that the Ukrainian resolution did, and then proceeded to adopt the joint resolution. In view of the Committee's decision regarding Article 12 the Ukrainian resolution was not voted.

5. The Netherlands delegate, who had contented himself with a short and restrained reply to Manuilsky's charges, was obviously relieved at the speedy way in which the item was dealt with.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1136

New York, December 5, 1949

SECRET

Reference our teletype No. 421 of December 2nd, Indonesia.

1. As mentioned to you in paragraph 4 of our teletype under reference, we are contemplating sponsorship if you approve of a draft resolution in the Security Council, which will probably meet on Monday, December 12th, on Indonesia.

2. We do not wish to firm on the text for a few days as some flexibility is desirable during this period of consultation with other delegations. However, we have prepared a tentative draft, which I am transmitting in my immediately following teletype and on which your general comments would be appreciated.

3. We have discussed this draft with Palar (Indonesia) and the United States, United Kingdom, and Indian delegations, all of whom have given preliminary agreement. They will be giving us a more considered opinion in the next day or two. They have all welcomed the idea of a Canadian initiative in this matter.

4. Arnold Smith discussed the subject with Van Royen this afternoon. As you know, he has been uncertain whether the old terms of reference of the Commission would allow it to discharge its future responsibility in the absence of a new resolution. He was also inclined to fear that the Soviet delegation might veto a new reso-

lution. Hence he wondered about the possibility of having the Assembly appoint a Commission. On this last point, Arnold Smith said that this would open up the question of membership of the Commission, which seemed undesirable, and more serious, it would necessitate having the Security Council first decide to remove Indonesia from its agenda. This step might be difficult and might give rise to misinterpretation and unfortunate repercussions in Indonesia. Van Royen said that he quite agreed, and felt that it would be better not to have a Security Council meeting until next week and to abandon the idea of transferring the question to the Assembly.

5. Van Royen was told that it was our view on the delegation that it seemed best to proceed on the assumption that the Soviet would probably not, repeat not, veto the resolution and that if they did the Commission could in fact continue satisfactorily under its previous terms of reference as the Commission itself had stated. This interpretation will allow the Commission to carry on even despite a Soviet veto, while admitting any alternative interpretation is likely both to invite a Soviet veto and to preclude any easy solution in the face of such a veto. This is also the strong view of the United States delegation. The Secretariat has not questioned this interpretation, which has obviously come to their attention as it is contained in the recommendations in the Commission's special report. It seems unwise to ask the Secretariat for a legal opinion and thus risk putting the idea of any other interpretation into Zinchenko's mind. Indeed, it is difficult to see just what action should be taken if our interpretation were to be abandoned. Van Royen said that he was inclined to agree that the best course was to assume this interpretation and to maintain it if it is challenged.

6. For all these reasons, Van Royen is now of the view that the general lines of our resolution are probably the most satisfactory that can be devised.

7. Arnold Smith also told Van Royen that Palar had said that he attached particular value to the last paragraph of the Canadian draft resolution, since this explicit evidence of continuing Security Council interest in Indonesia will be helpful in strengthening the authority of the Indonesian political leaders over their extremists including some of their military people. Van Royen said that he too felt that there was much weight in this point.

160.

DEA/50054-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 455

New York, December 8, 1949

SECRET

Following from Arnold Smith, Begins: Indonesia.

1. On December 6th Van Royen told us that he had been giving further thought to the desirability of including the last paragraph in our draft resolution, requesting UNCI to continue its functions, and after discussion with other members of his delegation he was inclined to think that it might be wiser to omit this paragraph. His reasons were that the Soviet delegation would be less likely to veto our resolution if no such paragraph were contained in it, and that the Secretary General might refuse to continue paying UNCI in the face of the Soviet veto. The old terms of reference would probably be adequate, and the Secretary General would be less likely to raise difficulties if there were no Soviet veto. Van Royen told us that he shared our view that we should not formally ask the Secretariat for a legal opinion or a commitment, but wished himself to ask Pelt (Dutch Assistant Secretary General) to ascertain discretely from Feller (Assistant Legal Adviser) the probable Secretariat appreciation.

2. We told Van Royen that we had no objection to his enquiry to Pelt but that we were not ourselves inclined to share his fears. We felt that we had, as it were, three lines of defence:

(a) The Soviet delegation would probably not veto our resolution including the last paragraph, since to do so would put them seriously in the wrong with Indonesian public opinion and with that of the overwhelming majority of the United Nations, while they would have little to gain because we could in any case act despite the veto;

(b) The Commission almost certainly could, and certainly intends to carry on, if necessary, under the already existing terms of reference;

(c) If necessary, the Interim Committee could set up the Commission by a two-thirds vote, by having any member nation put the Indonesian question on the Assembly agenda for next year. If this were necessary to override a Soviet veto, and were requested by both parties (as it would be), there is little doubt that the requisite two-thirds vote would be obtained.

3. Van Royen acknowledged the force of these considerations, but wished to get Pelt's view and promised to keep us informed.

4. We then re-examined our view with the United States, United Kingdom, Indian and Indonesian delegates, all of whom said that they fully agreed with us and felt that the last paragraph should be included.

5. On Wednesday afternoon, December 7th, Van Royen told me that he has now come round entirely to our view and that he is completely in favour of our resolution as it now stands, including the final paragraph. Pelt has told him that Trygve Lie, on his own initiative, raised the matter and said that whether the USSR vetoes a resolution for UNCI to continue or not, he will arrange "somehow" that it continue. Trygve Lie then said, "I will find a way, even if I have to use the Interim Committee. The overwhelming majority will back me." This indication of Lie's views has entirely reassured Van Royen.

6. We have made a few verbal improvements in our tentative draft resolution and the text as it now stands is contained in my immediately following teletype.†

7. We have now discussed this draft informally with all the members of the Security Council except the USSR and the Ukraine, and with the Australian delegation. All have given us warm provisional approval. Ends.

161.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 810

Ottawa, December 10, 1949

SECRET

Indonesia. Reference your teletype No. 1149 of December 8† and teletypes Nos. 455 and 456† from the Chairman of the Assembly Delegation.

I approve entirely your draft resolution and the steps you have taken to secure support. I also approve your plans for a satisfactory programme in the Security Council. The final paragraph of your resolution seems to be as safe and satisfactory a way as possible for preventing difficulties in continuing the work of UNCI. We had at first been concerned lest the verbs "to discharge" and "to observe" contained in the resolution would not cover all the activities which the two parties in The Hague agreement requested the Commission to carry out. The addition proposed in paragraph one of your telegram No. 1149 is a considerable improvement. From the further comments in that teletype and from Holmes' telephone conversation with Smith, I understand that both the Netherlands and Indonesian representatives consider your amended resolution as adequate to cover their needs.

162.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1166

New York, December 13, 1949

CONFIDENTIAL

Indonesia.

1. At the Security Council meeting on this subject at 3:00 p.m. on December 12th I introduced the Canadian draft resolution with the statement contained in my teletype No. 1164.† (The text of the Canadian draft resolution, as distributed to the Council, is identical with that contained in my teletype No. 456† from the General Assembly delegation, with the addition of the words "and assist in"—see paragraph 1 of my teletype No. 1149†).

2. After I had spoken, Van Royen for the Netherlands made a lengthy statement of a generally conciliatory character regarding the round table conference and concerning future relations between the Netherlands and the Republic of the United States of Indonesia. However, Van Royen, apparently under instructions from his Government, did feel compelled to reiterate the position of the Netherlands regarding the competence of the Security Council to deal with this question, and stated that "it remains a matter of regret to us that the Netherlands Government's repeated suggestions to have the International Court of Justice pronounce on the question of competence was never followed up." Van Royen also added that his Government was "profoundly convinced that also without the assistance of the Security Council and its organ, the United Nations Commission for Indonesia, a just and satisfactory agreement, through probably somewhat different from the present one, would have been reached." Prior to the meeting Van Royen had informed me that he was going to refer again to this question of competence, as he was under obligation to France, and particularly to Belgium, to adhere to this position. I pointed out to him that to do so might be to invite critical statements against the Netherlands from several members of the Council. This Dutch attitude is in contrast to the emphasis which, in another conversation, Van Royen placed on full assurance that UNCI would be able to actively assist, in particular, in regard to the provisions of Article 2 of the "Agreement on Transitional Measures." In fact I added the last paragraph of my statement in order to cover, by implication, this point. In general, however, Van Royen's statement was moderate and constructive and, so far as the Canadian draft resolution was concerned, he said "I wish to state that my delegation is in agreement with the contents of that resolution and believes that its adoption by the Security Council would be helpful to all parties concerned in carrying out the provisions of the agreements reached at The Hague."

3. For the Indonesian delegation, Palar made a lengthy statement reviewing in detail the character of the Statute of Union agreed to at The Hague and the Charter of the Transfer of Sovereignty. The main burden of Palar's remarks was that,

although these agreements had required considerable concessions on the part of the Indonesian Republic, they in no way restricted the freedom of action of the Republic of Indonesia as a fully sovereign State. "We have here two sovereign States which have voluntarily agreed to cooperate with each other on a basis of equality laid down in an agreement which, like all other agreements, can be terminated if, and as soon as, it became clear that either of the parties is not adhering to that agreement." Palar also referred to the New Guinea issue and emphasized his delegation's view that it was necessary for UNCI to continue in order that "an experienced mediating body" could assist the parties in reaching a solution of this question. Palar emphasized that until the New Guinea question was settled a shadow would be cast on cooperation between the Netherlands and the Republic of Indonesia. He said, "the New Guinea issue could be considered a territorial restriction of our sovereignty. But, as you are well aware, this question must be settled within one year. We are determined to have New Guinea sharing our sovereignty within a year." Palar concluded by supporting "whole-heartedly" the Canadian draft resolution. He also paid tribute to Van Royen, "whose statesmanship was largely instrumental in bringing about a meeting of minds in Indonesia."

4. The representatives of Norway, Pakistan and China made brief statements of a conciliatory nature and commended the parties and UNCI on the agreement which had been reached. The Chinese representative, however, made reference to Van Royen's comments regarding the competence of the Council and stated that: "If, therefore, we are to pronounce judgement on that question of competence by results, I feel that the Security Council has been right on that question, and the delegation of the Netherlands has been wrong."

5. The Ukrainian representative made a long propaganda statement of a familiar character and repeated virtually all the arguments previously made by the Soviet bloc against "Dutch terrorism." The gist of his remarks was that the "Hatta clique" had sold out to the "Colonial Powers". He hinted at Communist-led violence in Indonesia against the Hatta Government and stated that "the Indonesians have actually succeeded in ejecting Netherlands forces from the mountainous parts of Java and Sumatra. It cannot be concealed that Republican troops fighting against the Netherlands are not under the control of the Hatta group. They have been shifting in masses to the resistance movement against the Netherlands. In particular, the 16th Brigade has announced that it is fighting both the Dutch and the Hatta soldiery." He called for rejection by the Council of the Canadian draft resolution and submitted another draft resolution similar to that recently introduced into the Assembly by the Ukrainian delegation—the text of this resolution is contained in a separate teletype en clair.

6. From the statement of the Ukrainian representative it is not yet clear whether or not the Soviet Union plans to veto the Canadian draft resolution. If, however, the USSR does use its veto, I propose to take the position that UNCI can in any case continue to discharge its functions under the terms of the Council's resolution of 28th January 1949. The indications are that this position would be supported by the majority of the Council, as well as by the legal authorities of the Secretariat.

7. The Council is meeting again on this subject at 3:00 p.m. on Tuesday, 13th December.

163.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

SECRET

New York, December 15, 1949

Sir,

I have the honour to refer to my teletype no. 1166 of 13 December, and other correspondence regarding the debates in the Security Council of 13 and 14 December on Indonesia. My teletype no. 1166 reports to you the developments of the first day of this debate. In this despatch I intend to report on the Council meeting of Tuesday, 13 December, when, as you know, the Canadian draft resolution was vetoed.

2. At the beginning of the meeting I suggested that unless I heard opposition, I proposed that the Council should use simultaneous translation, rather than the usual consecutive translation, for all statements, both of Council members and of other representatives; and that we should revert to consecutive translation only on procedural matters, and when we came to voting on the resolutions before us. There were no objections to this procedure, which I therefore had followed. The substantial saving in time proved very valuable, as it allowed us to finish the question that day, and avoided the disturbing effects on public opinion in Indonesia and the Netherlands which the Soviet statement that they intended to veto our resolution might otherwise have produced.

3. The representatives of India, Cuba, Egypt, Belgium, the United States, the United Kingdom and France spoke in support of the Canadian draft resolution. The United States representative, Gross, who sat at the Security Council for the first time, delivered his prepared statement very well. Incidentally, he took the opportunity to emphasize that the agreement reached at The Hague was "an example of the constructive role which mediation can play in helping the parties to help themselves in the solution of such disputes".

4. The Soviet representative (Tsarapkin) stated:

"The delegation of the Soviet Union considers that the Canadian draft resolution is inappropriate; it does not correspond to the true state of things in Indonesia, nor does it meet the principles, purposes and objectives of the United Nations. Accordingly, the delegation of the Soviet Union will vote against the Canadian draft resolution."

5. The statement that the Soviet Union intended to veto our resolution caused considerable discussion in the corridors. Before the meeting began, we had checked once more with Protitch, the Secretary of the Security Council, and Feller,

the Legal Adviser of the Secretariat, to ensure that they were quite clear that the Commission could carry on under the Council's resolution of 28 January 1949, irrespective of a new veto. Both assured us that they had no doubts on this point. However, after the Soviet statement that they would veto, Arnold Smith was telephoned urgently by Cordier (Executive Assistant to the Secretary-General) and Feller, to suggest that it might be wiser if we withdrew the last paragraph of the resolution, in the hope of avoiding a veto and thus hoping to avoid any question regarding the competence of the Commission to carry on in the face of a veto resolution. Cordier and Feller were told that the legal position was clear, and that we would not consider withdrawing at this stage. If the Soviet Union wished to make an issue of it, we would meet them squarely. Cordier and Feller then assured us that if we did this they would back us to the hilt.

6. The United States delegation also approached us to ask whether we would have our resolution voted paragraph by paragraph, in the hope that some of the paragraphs at least would escape a Soviet veto. We told them too that we did not like this idea. There would probably be advantage in having the Soviets veto the paragraphs congratulating the parties, commending the Commission, welcoming the forthcoming establishment of the new Indonesian Republic, and also vetoing a resolution asking the Commission to continue. The result of the vote would merely be to show up the U.S.S.R. in the most unfavourable possible colours. The American delegation said that "it was a Canadian play, and they would let us play quarterback. They would give us full backing".

7. However, when the Council came to the actual voting on the resolutions, Arce of Argentina requested that a separate vote be taken on the last paragraph of the Canadian resolution. Accordingly, I put to the vote the first four paragraphs of our resolution, which received nine votes in favour, and two against (the Soviet Union and the Ukraine). I ruled that these paragraphs had been rejected due to the Soviet veto.

8. Dr. Arce said that in his view these paragraphs were merely procedural and not substantive, and therefore they should be considered as adopted. I said that my ruling was that they were not merely procedural but substantive, and asked whether the Argentine wished to challenge this ruling; Dr. Arce said he did not wish to do so.

9. I then put to the vote the last paragraph of the Canadian draft resolution, which received eight votes in favour, two against (the Soviet Union and the Ukraine), and one abstention (the Argentine). The Argentine representative abstained in view of his delegation's consistently strong interpretation of the domestic jurisdiction clause (Article 2, paragraph 7 of the Charter). I then declared that this paragraph also had been rejected due to the Soviet veto.

10. Cadogan, for the United Kingdom, then enquired on a point of order what was the position of the United Nations Commission for Indonesia in view of the veto of the Canadian draft resolution. I stated, as President, my ruling that:

"The Security Council has before it document S/1431 (i.e., the Canadian draft resolution) and it is on that resolution that we have been voting. That resolution has no effect whatsoever on the previous decisions which have been taken by the

Council unless that resolution should have been passed. If this resolution is defeated, as it has been, the previous resolutions in the Security Council remain in full force and effect."

This interpretation was not challenged in the Council.

11. We then voted on the Ukrainian draft resolution (the text of which was forwarded to you in my teletype no. 1167 of 13 December†). This was rejected by a vote of two in favour (the Soviet Union and the Ukraine) and nine against. The United Kingdom and the United States delegations had previously asked us whether we considered that they would be wiser to abstain or to vote against this resolution. We told them that we hoped everyone would vote against it, as the main point was the psychological effect on public opinion in Indonesia and the Netherlands, and the procedural method of killing a resolution by mere abstentions would not be adequately understood. Moreover, we hoped for a maximum contrast between the Council's view on the Canadian and on the Ukrainian resolutions. We also discussed this matter with the French and Chinese delegations.

12. As I intimated earlier in this despatch, I considered it a matter of considerable importance that once the Soviet Union had made it clear it intended to veto our resolution to continue the Commission, we should continue the meeting to the end, so that the interpretation could be made after the veto that it had no effect on the continuation and activities of the Commission. Luckily the simultaneous interpretation for the bulk of the meeting made this possible. Otherwise, I fear that the psychological repercussions and confusion in the Netherlands and Indonesia might have been unfortunate, as the legal position probably would not have been understood and moreover the additional time gained if the meeting had to be adjourned might give the Soviet delegation the opportunity to prepare a fight on the legal interpretation, which we were prepared to meet if need be, but naturally hoped to avoid.

13. After the voting was concluded, I took the opportunity which had been given me. As I saw it, the Soviet representative had injudiciously put himself over a barrel, and with some relish I proceeded to take appropriate action. Mentioning that I was speaking as Canadian representative, I gave a statement (the text of which was transmitted to you in my teletype no. 1177 of today†). I regretted that the Soviet representative chose, by the exercise of his veto privilege, to prevent the congratulations to the parties, the welcome to the Republic of Indonesia, and the commendation to the Commission which the vast majority of Council members had expressed, from being conveyed officially through a formal resolution to the parties. I expressed, however, our happiness in the confidence that the parties and the Commission, and indeed the public opinion of the entire free world, would, despite this veto, learn and understand the views on this matter of the overwhelming majority of Council members. I said also that it would be "a source of reassurance and satisfaction to the peoples of Indonesia and the Netherlands, and to world public opinion", to know that this Soviet veto could have no retroactive effect, and that the Commission would continue to discharge its remaining obligations to the Council and would in the future, as in the past, render assistance to the parties to the full extent of its ability.

14. I added:

"My delegation is, of course, saddened at this latest demonstration that the Government of the U.S.S.R. does not welcome the peaceful settlement in Indonesia, and does not wish the United Nations to assist further in the establishment, as a new member of the family of sovereign and independent nations, of the Republic of the United States of Indonesia.

"It is nevertheless a source of profound reassurance and satisfaction that Soviet chagrin will not, in this instance, be able to prevent, the peoples of Indonesia and the peoples of the Netherlands from proceeding on the course upon which they have embarked through this agreement; and that Soviet chagrin and the Soviet veto will not be able to prevent the further contribution which we confidently expect the United Nations Commission for Indonesia to make."

15. I then made the following statement as President:

"Having regard to the views which have been expressed in the Council, in my capacity as President, I will, as a matter of procedure, request the Secretariat to transmit to our Commission for Indonesia a copy of the proceedings of this and our previous meeting, with the request that the Commission will take due note of what has been said, as guidance in the further action which remains to be carried out under the provisions of the Council's resolution of 28 January 1949."

16. I have since ascertained from the Secretariat that the proceedings were duly forwarded to the Commission.

17. Mr. Tsarapkin, the Soviet representative, then asked to say a few words. However, he did not challenge any of my rulings as President, greatly to the relief of several Council members. Tsarapkin restricted himself to restating the Soviet Union's arguments against the Canadian draft resolution and their reasons for voting against its adoption.

18. After the meeting, Van Royen told us that he was delighted with the afternoon's developments, and that the veto was the best thing that could possibly have happened. It would put beyond question, he thought, ratification of The Hague Agreement by the Netherlands Upper House, and should have a healthy effect on conservative opinion regarding these agreements, as well as on general opinion against the Communists. Palar, the Indonesian representative, spoke to us separately and also emphasized his delight. Palar said that the injudicious Soviet veto, and the statement made after the veto, should be very useful in weakening the position of the Communists in Indonesia.

19. The use of the veto by the Soviet Union at the Council meeting of 13 December was in my view both ineffectual and injudicious. It does, I think, to some extent constitute a precedent, as it is, so far as I know, the first occasion where a veto has had no real effect on the substance of the Security Council position in regard to the question. The Council's proceedings on 12 and 13 December show the wisdom, or good fortune, in the drafting of the previous resolutions whereby the already existing terms of reference are sufficiently broad in nature, and open-ended as to duration, to allow appropriate action to be taken despite the rejection of subsequent consequential resolutions. Moreover, the official transmission of Council debates,

for the guidance of the Council's Commission, despite the fact that these debates led up to a vetoed resolution, is to my mind a useful technique.

20. After the adjournment of Tuesday's Council meeting, I asked Mr. Protitch, the Principal Director for Security Council affairs and Secretary of the Security Council, whether he had any reservations on the correctness of what I had done. He said that he had none; that everything had been entirely correct in his judgment.

21. I have seldom enjoyed a Council debate more.

I have, etc.

A.G.L. MCNAUGHTON

164.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, December 27, 1949

...

INDONESIA

4. Mr. Campbell reported that The Netherlands had today formally transferred sovereignty to the Republic of the United States of Indonesia. Mr. St. Laurent has sent a message to Prime Minister Mohammed Hatta of Indonesia. Mr. Hatta has been informed that this message may be regarded as according full recognition by the Government of Canada to the Republic of the United States of Indonesia. Mr. St. Laurent also sent a congratulatory telegram to Prime Minister Drees of The Netherlands. (See Press Release No. 88 of December 27†)

SUBDIVISION IV/SUBSECTION IV

CACHEMIRE

KASHMIR

165.

DEA/5-A(s)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Prime Minister*

SECRET

Ottawa, January 11, 1949

KASHMIR

The Indian and Pakistan authorities issued cease-fire orders in Kashmir which took effect at 11:59 p.m. on January 1, 1949.

2. This action followed successful negotiations between the Kashmir Commission (United Nations Commission on India and Pakistan) and Indian and Pakistan repre-

representatives in Paris during the session of the General Assembly, followed by a recent visit to India and Pakistan by a representative of the Commission. The two Governments had accepted the Commission's proposals for a peaceful solution of the Kashmir dispute, including the holding of a free and impartial plebiscite in Kashmir to determine its final accession to India or Pakistan.

3. The Commission, which is now in New York, is planning to return to the sub-continent in the next few days to continue its efforts for a final settlement.

4. The proposals call for the withdrawal of military forces by both parties to the dispute, and the organization of a plebiscite by a Plebiscite Administrator, to be nominated by the Secretary-General of the United Nations and formally appointed to office by the Government of Kashmir. The Chairman and Vice-Chairman of the Commission have asked General McNaughton whether he had any suggestions to make for this appointment. General McNaughton has asked for comments on this point. The resolution in question calls for the selection of a person of high international standing who will command general confidence.

5. The cease-fire and subsequent truce arrangements are to be supervised by a group of military observers. On December 10, during the course of the negotiations in Paris, the Secretary-General enquired whether the Canadian Government would be willing to place Service Officers at the disposal of the Commission for this purpose. It was estimated that twenty observer teams, each consisting of a senior and a junior officer, would be required to supervise the cease-fire arrangements in Kashmir. They would have to be capable of speaking and writing English. It has been pointed out that the selection and despatch of military observers to Kashmir is now a matter of urgency since no appropriate arrangements exist at present for supervising the cease-fire. The request made to Canada is now being considered by the Department of National Defence.

E[SCOTT] R[EID]

166.

DEA/5-A(s)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], January 15, 1949

KASHMIR—APPOINTMENT OF CANADIAN MILITARY OBSERVERS

Mr. Claxton decided to refer this matter to Cabinet and it was considered on Thursday, January 13, with the result that Cabinet decided to leave this matter to you and to the Prime Minister to determine.

2. Mr. Claxton telephoned me after the Cabinet meeting to say that Cabinet was "allergic" to the proposal and that two questions were asked:

Why was Canada one of the countries invited to appoint observers?

What other countries had accepted the invitation?

3. I am attaching a copy of a memorandum dated January 12, which was prepared for Mr. Claxton and of which a copy was sent to Major General Weeks.

4. Applications for this duty were invited by the Adjutant General on January 10 and General Weeks now reports that twelve officers of the reserve list have applied. He is quite certain that either four or six suitable candidates can be nominated forthwith. The deadline for applications was fixed at 10:00 a.m., January 15.

5. Our missions in the countries invited by the Secretary General to provide military observers (Argentina, Belgium, Brazil, Mexico, Norway, Sweden and the United States), have been asked to discover what these various governments are proposing to do. A reply so far has been received only from the United States, which is undertaking to send eighteen military observers including personnel required for a special plane.

6. The following is an explanation of the choice of Canada as one of the countries invited to send observers:

(a) Military observers must be able to speak English fluently since English is the common language of Indian and Pakistan military officers.

(b) The Secretary General of the Kashmir Commission recommended that only countries with no possessions in Asia be invited to send military observers.

(c) The Secretary General of the Commission also suggested that only countries not directly involved politically with the Kashmir dispute should be requested to provide teams of military observers.

Of all countries Canada and the United States most obviously fulfil these conditions.

7. Pending the decision which the Prime Minister and you will take on this matter, I am finding out from New York details concerning joining instructions and equipment for the officers nominated if this is your decision. The Department of National Defence is prepared to despatch the officers nominated to any point in Canada or the United States.

8. A decision is necessary on the following two points:

(a) will Canada send military observers to assist the military adviser to the United Nations Kashmir Commission;

(b) if so, will Canada send four or six officers for this duty.⁴³

E[SCOTT] R[EID]

⁴³ Notes marginales/Marginal notes:

General Foulkes phoned me immediately on my return from the C[hiefs] of S[taff] Committee meeting before I had seen this paper. He is embarrassed because Nat[ional] Def[ence] had at our request gone to a great deal of trouble to line up six officers. I said the difficulty was the allocation of the costs between Depts. The Minister had told me yesterday that we could send four if Nat. Def. paid. General Foulkes said that he could see no embarrassment in N.D. bearing the cost of four but would like Mr. Pearson to secure Mr. Claxton's concurrence. E[scott] R[eid] Jan 18/49

Mr. Reid This is now decided: 2 observers unless Nat Def will pay salary of 2, in which case we will send four. Mr Claxton & the PM are agreeable LB P[earson]

167.

DEA/5475-CX-2-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

[Ottawa], June 28, 1949

CANADIAN MILITARY OBSERVERS WITH UNCIP

You will recall that in January of this year, the Canadian Government agreed to provide four Canadian Army officers to serve as Military Observers with the United Nations Commission for India and Pakistan. From the attached telegram No. 779 of June 25[†] you will note that the Commission has requested an increase from 36 to 60 in the number of its Military Observers, and that the Secretary-General of the United Nations has asked the Canadian Government to increase its quota from four to eight officers. As I understand it, we shall now have to (a) decide whether we favour doubling the Canadian contribution and (b) if so, ask the Department of National Defence to provide four additional officers.

2. I do not think that we should have any objection in principle to complying with the Secretary-General's request. It is true that we are being asked for a larger proportionate increase than the United States, but in view of the generous response which similar United Nations appeals normally receive from the United States authorities, I doubt if we should quibble over this point. Furthermore, we have learned informally that while choosing replacements for Vallee and Sellings last week, the Army established a further waiting list of six Reserve Army officers who would be willing to serve as observers with UNCIP. I have no doubt that, provided the Department of National Defence is agreeable, four of them could be made available in response to the Secretary-General's request.

3. The only foreseeable obstacle is the possible reluctance of the Department of National Defence to meet the added financial commitments which would be involved. If additional observers were to be supplied by Canada, they would presumably have to be sent on the same administrative basis as the original group of four, who received their Army pay and allowances from the Department of National Defence, and all other expenses (transportation, living, etc.) from the United Nations. In view of the fact that in January there was some initial doubt as to the willingness of the Department of National Defence to defray these expenses, I suppose it is possible that they might object to being responsible for the pay and allowances of four additional officers.

4. In spite of this possibility I think that in the first instance we should merely recommend that the number of Canadian observers be increased to eight, and that we should ask the Department of National Defence to provide them under the same administrative arrangements as prevailed for Tremaine, Angle, Vallee, and Sellings. If any difficulties should arise, we might then consider having the matter settled on a ministerial level.

5. If you agree with this approach, I will draft a letter for your signature along these lines to the Deputy Minister of National Defence.⁴⁴

J.W. HOLMES

168.

DEA/5-A(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, July 26, 1949

INDIA—PAKISTAN RELATIONS; KASHMIR

Malik called on me this afternoon and we had a long and intimate personal conversation on this subject. He is very much concerned about the recent deterioration in relations between India and Pakistan over the Kashmir issue. He had nothing to ask of the Canadian government, nor was he under instructions to make any representations to us; before leaving Canada, however, and because of our own personal friendship during his time in Canada, he wished to tell me quite frankly what he thought and felt.

2. Malik had no hesitation in saying quite categorically that India would not attack Pakistan. He was equally categorical, however, in saying that if Pakistani forces (or the Pakistan armed and equipped Azad-Kashmir army) attacked Indian troops in their present positions in Kashmir it would mean war and the war would be carried to Pakistan by India.

3. Indian leaders recognized the appalling results which could be anticipated from a war with Pakistan. But the government would be quite unable to resist popular pressure (after all the Indian people felt that they had suffered already at the hands of Pakistan) if the Pakistanis were guilty of further aggression in Kashmir.⁴⁵

4. I told Malik that I had been impressed, over the past few weeks, in speaking to Pakistani representatives, civil and military, by what might almost be termed an inferiority complex. The present High Commissioner, the Secretary of Defence, and a number of others had spoken to me of their fear of attack by superior Indian forces. They felt that Kashmir belonged to Pakistan by every natural law of race and religion. They had no doubt whatever that if a plebiscite could be conducted under fair conditions the Kashmir people would declare in their favour. They had been in different degree sharply critical and more, of what they regarded as the completely unjustified incursion of Indian troops into Kashmir. They would not attack but if themselves were attacked would fight to the last.

⁴⁴ Note marginale:/Marginal note:

P[lease] do[.] Def[ence] Liaison Div[ision] suggested consid[eration] [must?] be given to including some "regular" officers. June 30 A H[er]e[ne]y]

⁴⁵ Note marginale:/Marginal note:

See marginal note to para 6 [H.R. Horne]

5. Malik spoke of the harsh and inhuman treatment of Hindus in Pakistan. India contained some 40 million Mohammedans whose rights and safety were being protected. The position of Hindus in Pakistan was intolerable. The property of Indians in Pakistan was not respected, while the Pakistani High Commissioner in London continued to draw his large rents from his immense holdings in India.

6. Pandit Nehru and the Indian leaders had exercised and caused their people to exercise the very maximum restraint.⁴⁶ But they could not hold them down indefinitely, unless conditions improved. Indian forces had gone into Kashmir to protect the country from invasion. They could only retire in the face of equal retirement by Pakistani forces and their local tools and allies the Azad-Kashmir army. If the people of Kashmir voted for accession to Pakistan, in a fairly conducted plebiscite, India would accept that solution.⁴⁷

7. I said to Malik that we in Canada were gravely concerned at the recent turn in events. We would not take sides and we hoped to be friendly with both of our sister nations in the Indian sub-Continent. But we looked to India for the exercise of that extra degree of patience and magnanimity, without which I felt that no solution would be possible. We had this in mind in considering India's candidature for the Security Council.

8. Malik left me with the attached memorandum,† on a personal and private basis. It was sent him for his own information by his government and he wished to have it returned.

9. When our conversation had concluded I had the distinct impression that Malik was pretty pessimistic about the possibility of a peaceful settlement. He agreed that the only hope lay in the United Nations and thought that conciliation would have a marginal chance of success only under some conciliator of unusual prestige and authority.

I am sending a copy of this note to the U.N. Division and to the Commonwealth Division.

A.D.P. H[EENEY]

⁴⁶ Note marginale:/Marginal note:

Conflicts with *Economist* of July 16, which says little interest in fate of Kashmir is shown outside New Delhi official circles. HR H[orne]

⁴⁷ Note marginale:/Marginal note:

But see same *Economist* per contra [H.R. Horne]

169.

DEA/5-A(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], September 13, 1949

RECENT DEVELOPMENTS IN THE KASHMIR DISPUTE

On August 19 the United Nations Commission for India and Pakistan announced that it had abandoned its proposal to hold a meeting of representatives of India and Pakistan for the purpose of negotiating a truce agreement in the Kashmir dispute. Both Governments had agreed to attend such a meeting but each of them had added so many "observations" to its acceptance that the limitations thereby imposed made it clear to UNCIP that agreement even upon the agenda was impossible.

2. In anticipating that UNCIP would, in view of this setback, propose the alternative solution of submitting to arbitration the disputed points in the truce issue, the United Kingdom and United States Governments decided that letters from Mr. Attlee and Mr. Truman should be sent to the Prime Ministers of India and Pakistan urging that arbitration be accepted. The Department had been secretly advised by Earncliffe⁴⁸ that the United States Government intended to invite Canada and other nations represented on the Security Council to send similar messages to Pandit Nehru and Liaquat Ali Khan.

3. On August 30 the Secretary-General of the United Nations confidentially informed the Canadian Permanent Delegate that UNCIP had made the expected proposal concerning arbitration.

4. Mr. Acheson announced on August 31 that "in view of the great interest of this Government in the peace and stability of the sub-continent, the President has addressed a message to Prime Minister Nehru of India and Prime Minister Liaquat Ali Khan of Pakistan, urging that they accept the Commission's recent proposal for settlement of the truce issue". It was reported from London that Mr. Attlee had forwarded similar letters to the two Prime Ministers.

5. The United States Government made no approach to the Governments of other nations represented on the Security Council suggesting similar action. The Canadian Permanent Delegation was of the opinion, which was supported in the Department, that it would be inadvisable for Canada to intervene in the dispute at this stage, either by a similar letter from the Prime Minister or by the more informal method of an oral communication of the Government's views by yourself to the High Commissioners for India and Pakistan. It was feared that the Indian Government might regard such a move as an indication of "ganging up" against India as it is generally believed that delay in settlement of the dispute will work to the advan-

⁴⁸ La résidence et le bureau du haut-commissaire du Royaume-Uni, à Ottawa.
The residence and office of the United Kingdom High Commissioner in Ottawa.

tage of India and, therefore, effective recourse to arbitration would be advantageous to Pakistan.

6. Although Pandit Nehru on September 4 told a public meeting in Allahabad that he was "surprised at the intervention of President Truman and Prime Minister Attlee in the Kashmir dispute", it is reported that his answers to Mr. Truman and Mr. Attlee were courteous, friendly and reasoned.

7. UNCIP has not yet published the text of the replies from the two governments, but it has been learned *confidentially* that Pakistan has accepted the proposal for arbitration and that the Indian Government, while approving of the principle of arbitration, has rejected it. It is understood that India made the disbandment of the Azad-Kashmir forces a pre-condition to arbitration.

8. Consequently it appears that the arbitration proposal has met with the same frustration as the earlier UNCIP proposal for a meeting of the two governments. As the positions of India and Pakistan appear to be basically irreconcilable, it seems unlikely that UNCIP will be able to modify the terms of the arbitration proposal to make it acceptable to both. The assumption is, therefore, that the whole matter will be referred back to the Security Council by UNCIP.

A. H[ENEY]

170.

L.B.P./Vol. 34

Note du sous-secrétaire adjoint d'État aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

SECRET

[Ottawa], October 20, 1949

THE KASHMIR QUESTION

In view of the economic conditions on the Indian sub-continent and the situation in Asia, the increasing deterioration of Indo-Pakistan relations is serious. A number of disputes have arisen between the two countries but the most explosive of them concerns the political allegiance of Kashmir. The United Nations Commission on India and Pakistan (U.N.C.I.P.) recently left the Indian sub-continent for Geneva to make another interim report to the Security Council. The achievements of the Commission are:

(a) the agreement of the Indian and Pakistan governments to a number of principles on which a truce agreement might be implemented;

(b) a cease-fire on January 1, 1949, and agreement in July on a complete demarcation line in Kashmir between the forces of the two countries.

The Commission failed to secure sufficient agreement to warrant a joint high-level meeting to discuss a truce agreement and later failed also to secure the acceptance by the Indian government of a proposal for arbitration of the points in dispute regarding implementation of the truce.

The Commission has made it known that the main obstacles to implementation have been the following:

(a) the schedule of withdrawal of troops;

- (b) the status and disbandment of the Azad ("Free") Kashmir forces;
- (c) the defence and administration of the mountainous and sparsely populated area in the north of the State.

The prestige of the Commission in the eyes of the Pakistan and Indian governments has declined considerably. The decline may be attributed partly to the apparently conflicting statements made by the Commission in the course of its correspondence with the two governments and partly perhaps to the anxiety of both governments to bring the dispute to a satisfactory conclusion at an early date.

Technically speaking India has handled its case well. The *de jure* government of Kashmir (headed by a Hindu Maharaja and a Moslem Prime Minister) acceded to India after the rise of the Azad Kashmir forces and the incursion of the tribes across Pakistan territory into the State. India accepted the accession subject to ratification in due course by a plebiscite. This procedure was legally justifiable since after the 1947 partition of the sub-continent and the termination of United Kingdom sovereignty any State was free either to accede to India or Pakistan or to remain independent. India has declared that it chose the course of peace, rather than of war against Pakistan, in appealing to the Security Council.

Pakistan has handled the matter less skilfully. When charged with sending its own troops into Kashmir, the Pakistan government first denied and then admitted the truth of the charge. There is also some evidence that it may have connived at the passage of the raiding tribes across its territory. Thirdly, it has taken over operational control of the Azad Kashmir forces and merged them with its own frontline troops. It thus damaged its original case that the "stand-still agreement" between Pakistan and the Maharajah of Kashmir gave Pakistan rights over the State analogous to those of the old Imperial Government.

From the standpoint of equity, however, the Pakistan case is much stronger than the Indian. India has argued that its trade routes and its own defence give it a vital interest in Kashmir. Pakistan is able to base its case not only on an equally great, or even greater, strategic interest in Kashmir but on the very principle upon which the partition of the sub-continent was based. The population of Kashmir is predominantly Moslem (about 77 per cent.). The Hindus constitute 20 per cent. and the Sikhs under 2 per cent. The ruling house is Hindu. Geographical and economic factors also favour the Pakistan case. Two main rivers, the Chenab and the Jhelum, flow out of the Kashmir hills and through West Pakistan to join the Indus. The import and export trades of Kashmir link the State closely with Pakistan, while Karachi would seem to be the most suitable port. Pakistan can also point out with a certain rough justification that in the States of Junagadh and Hyderabad the Indian government used pressure to depose Moslem rulers in favour of the presumed will of the predominantly Hindu populations. Junagadh had acceded to Pakistan.

Both sides are committed to a plebiscite as the means of determining the future allegiance of the people of Kashmir. There is room for doubt that India is now so enthusiastic on this point. Feeling about the dispute runs very much higher in Pakistan than in India, where it is said only Mr. Nehru and official circles feel at all strongly about the matter.

Canada desires to see the termination of this unfortunate dispute between two member nations of the Commonwealth and to support a solution that will not sow the seeds of chronic conflict on the Indian sub-continent; the dispute could well spread alarmingly were India and Pakistan to go to war. Pakistan has already uttered vague threats that in the event of war help would be sought "elsewhere", wherever it could be found. The Commonwealth is regarded as having failed either to help the just cause of Pakistan or to provide adequate machinery for a settlement. Pakistan charges the Western powers with playing up India as the main bulwark against Communism in Asia and consequently carefully avoiding offence to India with respect to Kashmir.

E[SCOTT] R[EID]

171.

DEA/5-A(s)

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

SECRET

Ottawa, October 26, 1949

THE QUESTION OF KASHMIR

1. The Prime Minister and Mr. Pearson had a discussion on October 25th with Mr. Nehru and Sir Girja Bajpai. During this discussion the question of Kashmir was gone into at some length.
2. Mr. Nehru began by giving a very detailed and impressive analysis of the position from the Indian point of view, emphasizing that the culprit in Kashmir had been Pakistan, which had committed the original aggression by permitting armed bands to violate its territory and eventually by moving its own troops across the border. It is clear that his emotions as well as his political instincts are very deeply engaged in this matter and he has a strong feeling that the Pakistan Government is taking advantage of the position to stir up religious feelings in Kashmir against India and is indeed using religious fanaticism in Kashmir and elsewhere as an instrument of national policy.
3. Mr. Nehru then argued that India's record in Kashmir had been good and that if only Pakistan had agreed to establish the conditions which would make a plebiscite possible a decision as to the wishes of the people might have been taken by now. He had particularly in mind the disarming of the Azad forces. It was not enough to have the Indian and Pakistan regular forces withdrawn as long as the Azad forces, which now amounted to thirty-one battalions or more, remained armed. As long as they were there, armed, there could be no peaceful plebiscite. However, Mr. Nehru stated emphatically that war could be ruled out as a solution for this problem and that India would commit no aggression.
4. There remained, therefore, the question how to find a peaceful solution. The United Nations Commission had not been a very effective agency for this purpose. He thought there should be a new approach through the appointment of a mediator. However, he also seemed to feel there should be some kind of recognition of the original Pakistan aggression, though he did not press this position when it was

shown how incompatible it would be with mediation. As far as mediation is concerned, it was pointed out to him that it would be very difficult and indeed undesirable to remove the matter from the jurisdiction of the United Nations to which it had been submitted. The Security Council might, however, when the report of the Pakistan Commission was being considered in November, decide to appoint a mediator with general terms of reference, which might indeed be extended to cover not only Kashmir but other questions at issue between the two countries. Mr. Nehru seemed to agree with this idea.

5. When it was mentioned to him that some quarters felt that India was deliberately holding up a settlement by negotiation because she had much to gain by delay, Mr. Nehru replied that these were malicious and unfounded suspicions. They would be glad to proceed along the line indicated above without delay.

6. When Mr. Pearson saw Mr. Nehru off at the airport on the morning of October 26, Mr. Nehru expressed great satisfaction at the talk on Kashmir which he had had with the Prime Minister and Mr. Pearson on October 25. He expressed the hope that we would use our good offices with our friends on the Security Council to advance the principles of a solution along the lines we had explored. Mr. Pearson said that we would do our best to facilitate an agreed arrangement and that we would pass on to the United States and United Kingdom representatives, and possibly others, the gist of the discussion.

7. Our understanding here is that Mr. Nehru had not been responsive previously to the idea of a United Nations mediator acting under general instructions laid down by the Security Council but that he wished to have a mediator outside the United Nations. If this is so, the position which Mr. Nehru took in his discussions here represents an encouraging development. There was also some indication from his talks here that Mr. Nehru may believe that the result of a plebiscite in Kashmir might be such as to warrant some kind of partition of the area between Pakistan and India. He felt that if all of Kashmir went to Pakistan there would be a large exodus to India, including some Moslems.

8. In spite of the depth of Mr. Nehru's feelings about Kashmir, Mr. Pearson is convinced that Mr. Nehru is entirely sincere when he states that force must be ruled out in Pakistan-India relations and that, in respect of Kashmir, mediation followed by a plebiscite should go forward as quickly as possible. On this basis it appears that it should be possible to work out a satisfactory solution.

9. Our impression here is that Mr. Nehru is inclined to think that it would be wise if the mediator were someone who had not hitherto been connected with the Kashmir dispute. This would mean separating the functions of mediator from that of plebiscite administrator, the position which Admiral Nimitz holds.

A.D.P. HEENEY

172.

DEA/5-A(s)

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

SECRET

Ottawa, October 29, 1949

Sir:

The Prime Minister and I had a private discussion on Tuesday, October 25, with Pandit Nehru and Sir Girja Bajpai. In the course of the discussion we went into the question of Kashmir at some length. When I saw Mr. Nehru off at the airport in Ottawa on the morning of the next day Mr. Nehru expressed the hope that Canada would use its good offices with its friends on the Security Council to advance the principles of a solution along the lines we had explored. I replied that we would do our best to facilitate an agreed arrangement and that we would pass on to the United Kingdom and United States representatives, and perhaps others, the substance of the discussion.

2. The Under-Secretary accordingly wrote to Sir Alexander Clutterbuck on October 26. I am sending as an enclosure to this despatch a copy of his letter† and of the attached memorandum of the same date regarding the question of Kashmir.

3. Mr. Wrong was able to make use of an appointment with Mr. Acheson on the morning of October 27 to speak about Kashmir. Mr. Jessup was also present. Mr. Acheson, after reading carefully the substance of our message to Mr. Wrong, drafted on the same lines as the memorandum enclosed with this despatch, said that our discussion followed very closely the conversations between Mr. Nehru and himself and between Mr. Nehru and the President in Washington last week. There was one main difference. Mr. Nehru had not gone as far as he did with us in showing readiness to agree that the Security Council should appoint the mediator. It was clear that Mr. Acheson approved this idea. I expect to discuss in New York with Mr. Jessup the best way of following up this development.

4. During the same conversation between Mr. Wrong and Mr. Acheson the possible scope of the mediation was examined. As you know, Mr. Nehru has in recent statements expressed a general readiness on the part of India to accept arbitration not only on the Kashmir issue but on the other differences that now exist between India and Pakistan, chiefly the diversion of canal waters in the East Punjab and the disposal of evacuee property. There is therefore a danger that mediation in the Kashmir dispute might be delayed if separate and irrelevant disputes should become linked with it. Both Mr. Acheson and Mr. Jessup observed that the Security Council cannot appoint a mediator to deal with an issue which is not before the Council and that, of the issues between India and Pakistan, the Kashmir dispute is the only one before the Council. When Mr. Jessup suggested that in appointing the mediator for the Kashmir dispute the Council could at the same time authorize the mediator to mediate any other disputes by consent of India and Pakistan, Mr. Ache-

son observed that the other main issues I have mentioned were entirely separate from the dispute over Kashmir.

5. This despatch deals only with Kashmir. A comprehensive account of the visit of Mr. Nehru to Canada will shortly be sent to you.

I have, etc.

ESCOTT REID
for Secretary of State for External Affairs

173.

DEA/5475-CX-2-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa, November 25, 1949]

MILITARY OBSERVERS IN KASHMIR

1. Attached is a copy of Teletype No. 363 of November 23,† from the Assembly Delegation, concerning a suggestion by the United Nations Secretariat that Lieutenant-Colonel H.H. Angle be named to succeed General Delvoie as Military Adviser to the United Nations Commission for India and Pakistan.

2. General Delvoie, a Lieutenant-General of the Belgian Army, has served as chief of the group of observers since its formation last December. In the past few months General Delvoie has been subjected to criticism by both the Government and the press in Kashmir and India. The motive for this attack appears to be a wish to undermine the prestige and effectiveness of the U.N. Commission, and an indiscretion on the part of General Delvoie has been exploited to the full. In any event, it is expected that his retirement will be announced shortly.

3. On completion of his tour of duty in October of this year, Lieutenant-Colonel Angle returned from Kashmir to his civilian employment as a magistrate. Attached is a biographical note.‡ While it is not known whether Lieutenant-Colonel Angle would be able to accept this new appointment, he expressed on his return a willingness to go back to Kashmir and "see the matter through, having gone this far with it."

4. The suggestion of the Secretariat that we now supply a replacement for the Military Adviser is a tribute both to Lieutenant-Colonel Angle personally and to the calibre of the Canadian officers serving in Kashmir. You will recall that when the arrangements for the Plebiscite were being made last December, the Canadian Government was unable to accept an invitation to nominate either a Plebiscite Administrator or a senior officer to act as assistant to the Military Adviser. As Canada is not represented on any other commission of the United Nations, I believe it would be opportune to meet this request of the Secretariat in regard to Lieutenant-Colonel Angle, which is a logical consequence of our having agreed to furnish observers in the first instance.

5. The present arrangement is that this Department will reimburse the Army for the basic pay and allowances of the observers. Under this arrangement, Colonel Angle's basic pay and allowances would be a charge on this Department, and the U.N. would pay travelling expenses, a per diem living allowance and insurance costs.

6. Attached for your signature, if you approve, is a letter to the Deputy Minister of National Defence,† asking whether, in the event that the U.N. formally approaches us, the Army would be prepared to give Lieutenant-Colonel Angle the acting rank of Brigadier required for this appointment.⁴⁹

J.W. HOLMES

174.

DEA/50015-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], December 21, 1949

THE KASHMIR ISSUE

The Canadian Permanent Delegation to the United Nations has been inundating the Department with telegrams (copies of which have been sent to you) reporting on the almost hourly developments in the Kashmir issue. General McNaughton, as President of the Security Council, having been instructed to "meet informally with the two parties and examine with them the possibility of finding a mutually satisfactory basis for dealing with the Kashmir problem", has been carrying on a series of meetings with the two principals (including representatives of the Azad-Kashmir Government and Prime Minister Abdullah of Kashmir) as well as with United Kingdom and United States representatives in New York.

2. When Sheikh Abdullah has accompanied the Indian representatives, they have adopted a rigid line which, in effect, they hasten to modify as soon as they can escape from the Sheikh's presence. Generally speaking a conciliatory atmosphere (born of the recognized pressing necessity of reaching a solution) prevails between the Indians and the Pakistanis and the United Kingdom and United States representatives agree on the basic approach with the Canadian Permanent Delegation.

3. General McNaughton has drafted two alternative proposals for demilitarization. Alternative A is given in teletype No. 1201 of December 20th.† Alternative B is given in teletype No. 1196 of December 19th.† Both teletypes are attached.

4. Alternative B adopts a rather "tougher" line towards India. Its salient features are that the Azad-Kashmir forces (who are regarded by the Indians as "rebels") are equated to the Indian Army forces and, for the first time, there appears the sugges-

⁴⁹ Les propos formels de la part du secrétaire général des Nations Unies furent révélés le 29 décembre 1949.

The formal approach by the Secretary-General of the United Nations came on December 29, 1949.

tion that the Dogra Army and State Militia (which are pro-India) must also be disarmed.

5. The United Kingdom delegate feels that the "softer" alternative A would not be accepted by either United Kingdom or the Pakistan Government. The United States representative agrees with General McNaughton in preferring the alternative B. Indian representatives have intimated in secrecy to General McNaughton that, while it would be politically impossible for them to agree voluntarily to accept unfavourable terms, they would not rule out the possibility that India would bow to a decision of the Security Council, embodying unfavourable terms.

6. At the official level the Department has indicated its approval of the steps taken by General McNaughton and has authorized the delegation to continue along the lines they have been following without waiting for specific instructions from Ottawa which might hamper the freedom of their negotiation. It has been suggested that they should seriously endeavour to make the "tougher" alternative B effective; this will involve a continual examination by General McNaughton of the eventual readiness of the Indians to accept such a proposal if formally approved by the Security Council.

7. In view of the large issues at stake, the delegation would be most grateful for an indication at your earliest convenience of your personal approval of the strategy and tactics which they are following.

A.D.P. H[BENEY]

175.

DEA/50015-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

[Ottawa], December 22, 1949

I gave your memorandum of December 21 concerning Kashmir to the Minister immediately following the Cabinet meeting yesterday afternoon, since General McNaughton was telephoning urgently from New York for an indication of the Government's attitude. I pointed out to Mr. Pearson that the alternative (a) referred to in your memorandum had been sent by the Delegation simply for information, and was not to be regarded as a current draft to which consideration could now be given. The only decision required, therefore, was whether or not we were prepared to let the General go ahead, using alternative (b) as a basis for his further negotiations.

2. Mr. Pearson said that he hoped the General would, if he could possibly do so, avoid getting into the position where one delegation accepted his draft proposal and the other refused it. He suggested, therefore, that the draft should be considered informally first with the Indian Delegation, since that delegation was most likely to reject the draft. Every effort should be made to get agreement from the two delega-

tions before the draft was put to them formally. On this basis he thought it would be quite satisfactory for the General to proceed with his negotiations, using the tentative proposal which he had sent to us. I subsequently gave this information to General McNaughton in New York over the telephone.

R.G. RIDDELL

176.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1244

New York, December 27, 1949

TOP SECRET

Kashmir.

1. My immediately preceding teletype† contains the text of India's written reply to our proposal, which was given to me at 9 p.m. last night, 26th December, at the Barclay Hotel by Rau. At this meeting Rau was accompanied by Bajpai and Sheikh Abdulla. Arnold Smith, Angle and Carter were with me.

2. As you will see, this reply amounts, in effect to an outright rejection of our proposal, and an uncompromising restatement of India's position on the Kashmir question.

3. Rau stated that they were replying in writing since our proposal had been in writing.

4. I avoided commenting on this reply. I did, however, mention the careful consideration which we had given to all aspects of the Kashmir question, and said that we regarded our proposal, to which we had given much thought, as being equitable to both sides, as well as providing a basis for an expeditious settlement of the Kashmir question.

5. I asked Bajpai and Rau what, in their view, the next step should be. They had no suggestion to make.

6. I advised the Indian representatives of my intention to proceed with the Security Council meeting arranged for 11 a.m. on Wednesday, December 28th. I said that I assumed that it was my duty to the Security Council to report to them, and to make our proposal public, together with the replies of the Indian and Pakistan Governments. Bajpai agreed with this procedure. He stressed, however, that it would not be fair to make India's reply public until Pakistan's reply had also been submitted and that the replies should be made public simultaneously. If Pakistan's reply has not been received by the time the Council meets, Bajpai asked that I do not make his reply known. I agreed that this was fair and also assured Bajpai that we would not in any way give Pakistan any indication of India's reply until Pakistan had submitted its own reply to me.

7. Bajpai said that he recognized the very hard work that had gone into our proposal and the spirit in which it had been submitted. He said he had not failed to report all this, together with all our observations, to his Government. He also hinted at disagreement regarding our proposals within the Government of India. He said that we would recognise that a democratic Government had to take into account public passions and prejudices as well as long-term national considerations. He also said that in communicating his Government's reply to us he was merely doing his duty as a servant of his Government.

8. At the beginning of the meeting, Bajpai had unnecessarily selected a hard chair for himself and said that it was appropriately "a stool of penance". It is also worth reporting, I believe, that Bajpai and Rau appeared somewhat dejected at this meeting, whereas Sheikh Abdulla looked very pleased indeed with himself. The Indian Government's rejection of our proposal is, of course, a triumph for Abdulla.

177.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1254

New York, December 28, 1949

TOP SECRET

Kashmir.

1. At his request Zafrulla Kahn came to my office this morning at 10.30 a.m. accompanied by Gurmani and Mohammed Ali. Ayub later joined the meeting. Arnold Smith and Grande were with me.

2. Zafrulla told me that Mohammed Ali and Gurmani had been speaking to the Prime Minister of Pakistan by telephone at 6.00 a.m. this morning, and as a result he now had the reply of his Government to my proposals. This reply was handed to me in writing a few minutes later when Ayub arrived. The text of the reply has been sent to you in my immediately preceding teletype No. 1253 of 28th December.†

3. Zafrulla said that his Government's telegraphed instructions had been to propose the deletion of paragraph 6 of my proposals. However, after Ali had explained in his telephone conversation with the Prime Minister the reasons which I had given for the inclusion of such a paragraph, it was decided that Pakistan would accept it, subject to the deletion of the two words "and enduring". Zafrulla emphasized, however, that, in accepting paragraph 6, the Prime Minister did so on the understanding that in putting it forward no reference would be made to its being designed to cover partition or rectification of frontiers. Zafrulla said that he had given this assurance to Liaquat Ali Kahn. I gave Zafrulla to understand that I now understood this paragraph to be general and all inclusive and not particular or exclusive. I said I personally would not make reference to partition or frontier

adjustments when referring to paragraph 6. However, I said that I, of course, could not control what other delegations might say, but that I would, insofar as possible, discourage others from doing so.

4. You will have noticed that the amendments which Pakistan has suggested are almost the same as those which Zafrulla suggested to me at our meeting on Monday, 26th December (see our teletype No. 1247 of 26th December). You will note that Pakistan insists on the deletion of the words "to the Government of India" in the guarantee clause contained in paragraph 3(a) of my proposals. She has not suggested the substitution of the words "to the United Nations", although in discussing this point at today's meeting Zafrulla made it clear that the guarantee would be to the United Nations and not under any circumstances to India.

5. I told Zafrulla that, as President, I was prepared to suggest the Pakistan amendments to India and to say that they seemed to me to be clarifications of intent rather than changes of substance. However, I emphasized that my proposals could, of course, not be changed without the agreement of both parties. After my explanation of the role I envisaged for myself as President, at my suggestion Zafrulla changed the wording of one of the sentences in his letter of acceptance to me. Originally, the third sentence read, "they are confined to such of the amendments originally proposed by us as you were prepared to sponsor." Zafrulla deleted "were prepared to sponsor" and substituted, at my suggestion, the words "agreed might well be accepted as clarifications of intent".

6. I then told Zafrulla that I had not yet received India's final reply to my proposals but expected to have it in my hands by tomorrow morning. I would then arrange simultaneously to deliver to him the Indian reply and to the Indians the reply of Pakistan. After that, I would be at the disposal of either party if they wished to see me before the meeting of the Security Council tomorrow afternoon at 3.00 p.m. Finally, I told him that I was planning to make a short statement giving the reasons why I considered my proposals fair and practical. At the same time I planned to table my proposals together with the replies of India and Pakistan. Zafrulla agreed with this procedure.

178.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1255

New York, December 28, 1949

TOP SECRET

Following for Mr. Pearson from General McNaughton, Begins: Kashmir.

1. Following my telephone conversation with you, I arranged to have Bajpai come to my office at 6:30 p.m. yesterday, Tuesday, December 27th. He was accompanied by Rau.

2. I told Bajpai that you had asked me to speak to him in view of your great personal friendship with him and because of the special importance of clearing up matters in dispute with Pakistan before the Colombo Conference. I told Bajpai that it would be most unfortunate if India's reply were given out as it would be read by the world as a demand by India for the moral condemnation of Pakistan to be given before the process of mediation could proceed. I said that this position if maintained by India would make it very difficult for her friends to help her. I said that it had been your thought and mine that perhaps in my proposal we might be able to adjust some of the language on specific matters but I said we could not accept the idea of moral condemnation of Pakistan. I made it very clear that there was no possibility of compromise on this idea. I asked Bajpai therefore, does he and his Government view with equanimity the publication of a document taking this position. I then reminded Bajpai of the talk which you and Mr. St. Laurent had had with Nehru in Ottawa at which he had been present and in which the question of "moral condemnation" had been discussed and in which Nehru had agreed that there could be nothing of the sort. Bajpai said he well remembered this conversation. I then said obviously something had happened in India to disturb the progress of our discussions here and told him that you had instructed me to ask him "What is it?" I also asked "was there anything in my document which particularly upset Nehru?"

3. Bajpai said that in his opinion Nehru had not changed his views on moral condemnation as he had expressed them in Ottawa. However, he thought that Nehru believed that the members of the Security Council should take mental note of the fact that India was in a different legal and moral position from Pakistan as regards Kashmir, Pakistan being the aggressor and having no legal rights there. Further, he thought that Nehru would wish the Council to take note of the fact that Pakistan had taken advantage of the past two years to consolidate its illegal position in Kashmir.

4. Bajpai then said that personally he thought that Nehru was probably upset by the possible interpretation which might be placed on paragraph 2 of my proposal. He thought that India was here placed on the same footing as Pakistan and, more particularly that the armed forces and militia of the State of Jammu and Kashmir were placed on the same footing as the rebel forces of the illegal Azad Government which was not recognized even by Pakistan.

5. As regards the "northern area", Bajpai said that Nehru felt very strongly on this point. Bajpai emphasized that for the sake of peace, India had already abandoned her just claims in Azad-Kashmir and by so doing had over-ruled the State Government of Kashmir and had incurred its displeasure. Now India was asked to give up her legitimate claims in the northern area. Bajpai thought that Nehru believed that my proposal was in line with the Commission's treatment of this question and thus ignored the just claims of India.

6. As regards paragraphs 3 and 4 of my proposal, Bajpai said that he himself could not see anything in them "to give rise to the thought that Pakistan and India have been put on the same level."

7. As regards paragraph 6, Bajpai thought that in its present form it might have been interpreted by Nehru to be linked specifically with paragraph 4. I told him that

this was not our interpretation, and reminded him that he himself had approved, and indeed had largely drafted, the wording of this paragraph as it now stood. This he admitted. He pointed out that his Government was not opposed to the idea of a single mediator with wide powers. In this connection, he thought that possibly the United Nations representative might also be authorized to make suggestions to the Security Council, as well as to the two Governments concerned. We replied that the United Nations representative would naturally have the right to report to the United Nations.

8. Bajpai and Rau then emphasized why, in their view, the proposal should not place Pakistan and India on the same level as "the aggressor would then be reaping the fruits of his aggression".

9. Referring to the suggestion that the Security Council meeting might be postponed in the anticipation that the Indian reply might be reconsidered, Bajpai said that he would have to refer this to his Government, as indeed he wished to refer the whole of your message. I then said that a certain degree of "malleability" still existed in my proposal and that it had always been open to change the wording by agreement between both parties, or for the purpose of clarification in the intent. We then told Bajpai that, in its present form, the Indian reply seemed to rule out the possibility of reaching any agreement. Did the Government of India not wish to take advantage of that degree of flexibility which still existed? Did she not wish to keep open the possibility of negotiations here now in New York? If so, then would she be prepared to make a reply to our proposals which did not shut the door on negotiations, but rather advanced Indian suggestions for modifications which, when received, I was prepared to put to the other side?

10. Bajpai was then asked for his personal judgment as to whether he thought that his Government would be prepared to make the type of reply we had suggested, putting forward modifications to my proposal, rather than to stand rigidly on the basis of their present reply. He said that he personally did not see how his Government could refuse to submit amendments, in the light of your message. In view of Bajpai's encouraging opinion, I said that I felt justified in calling for a further twenty-four-hour postponement of the Security Council meeting "to allow time for further communications with the sub-continent". I have accordingly arranged to have the next meeting of the Security Council take place at 3 p.m. on Thursday, 29th December. Ends.

179.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1261

New York, December 28, 1949

TOP SECRET

Kashmir.

1. At my suggestion a meeting was held Tuesday afternoon, 27th December, at 3:00 p.m. in my office with the United Kingdom and United States delegations. The following were present: Cadogan, Curson, and Campbell (United Kingdom) and Gross, Maffitt and Hyde (U.S.A.). Arnold Smith and Grande were with me.
2. We first discussed the procedure to be followed at tomorrow's meeting of the Security Council. I said that in view of India's insistence on having her reply tabled before the opening of the Security Council meeting (together with Pakistan's reply) and Zafrulla's agreement with this procedure, I had come to the conclusion that my proposals and both the Indian and Pakistani replies should be reproduced as documents and circulated prior to the Security Council meeting. I also reported that both Bajpai and Zafrulla had advised against postponing this meeting. I said that, in my view, the attitude of the parties seemed to make it inevitable that everything should now be brought out into the open in the Security Council as soon as possible so as to forestall leaks which might distort the true facts. (Bajpai this morning had stressed this, and urged the danger of leaks in Delhi and Karachi!). In this connection I pointed out that certain heads of Mission in New Delhi had already been told by Nehru of my proposals and of India's reply.
3. Cadogan and Gross agreed that the Security Council meeting should be held as planned, and agreed with the procedure on this.
4. I then said that I proposed at the opening of the meeting to make a statement explaining my proposals and stating that they represented what was, in my judgment, a fair and practicable method of arriving at a practicable and equitable solution. I said that I thought that the Council must then have a frank debate during the course of which an opportunity might present itself for some one, perhaps for me as President, to make some sort of partition suggestion if the parties had agreed on this in advance and had given me an appropriate opening. It would be my intention to avoid criticism of either party, in my opening statement, and to use my position in the Chair to be impartial, as between the parties, in the hope of being able in due course to put forward some mutually acceptable proposition.
5. Gross said that Washington was at present considering what position the United States delegation should take in order best to strengthen my hand as President. According to Gross, the State Department was caught off their guard by India's insistence on having her reply tabled before the opening of the Security

Council debate. He hoped to have word from Washington later on today and promised to advise us accordingly.

6. During our meeting Cadogan received a wire from London by messenger instructing him to give strong support to my proposals as soon as possible in the debate, in the hope that the Indian position will become somewhat more flexible as a result.

7. I then mentioned certain ideas on partition which, I said, had occurred to me and which had been discussed very tentatively during my meeting with Zafrulla. (These suggestions have been reported to you in my teletype No. 1259 of December 28th, 1949).† In reply to my question both Cadogan and Gross seemed to think that the time had not yet come to openly abandon the aim of a single plebiscite for the whole of Kashmir in favour of any form of partition.

8. During the meeting Zafrulla phoned Arnold Smith and told him that he had not yet been able to get in touch with Karachi by phone but hoped to be able to do so some time before 10:00 a.m. Wednesday, 28th December. Consequently we agreed that it would be wise to postpone the Council meeting until 3:00 p.m. Wednesday (28th December) and this was arranged.

180.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1263

New York, December 28, 1949

SECRET

Kashmir.

1. In the event of India putting forward reasonable amendments to our proposals, or leaving the door open to further negotiations in New York, it is possible that I will be asked by one or both parties, or by members of the Security Council, to continue during January in some capacity my association with the Kashmir negotiations. Indeed there have already been a number of suggestions from each of the two parties, and from the United Kingdom, United States, and other friendly members of the Security Council, expressing hope that I will undertake this further task. As you will recall, when this question was raised earlier, I said that I did not wish to have any discussion on this matter at the present time, and I then said that I would not run away from responsibility if there was a real necessity for it, nevertheless I was not convinced that this real necessity would in fact exist.

2. I had also maintained the 31st December deadline as perhaps a minor but no irrelevant lever on the parties in the hope of drawing them toward agreement.

3. It is not impossible now that a firm decision on this question may have to be taken in the next twenty-four hours.

4. My views on this matter are as follows. As I have said I would not wish to run away from responsibility, or do anything to jeopardize the possibility of agreement, if indeed such a possibility appears to have come into existence. I have, however, no personal desire to undertake responsibility in the Kashmir question after the end of December. Moreover, I have, as you know, a number of other commitments, including the very important P.J.B.D. meeting early in January.

5. These commitments would mean that even if it was decided that I should have Kashmir responsibilities in January, I might have to delegate them during part of the time.

6. Quite apart from this, my inclination is to let it be known that I will not undertake this task lightly. I feel that when approached further on this matter I should indicate that I would only consider acceptance on the conditions which follow:

(1) That both parties should strongly request my continued participation;

(2) That *both* parties should give me convincing evidence that they earnestly seek an early agreement and that there is a real likelihood that early agreement will in fact be obtained, and in particular, that asserted positions on legalistic issues will not be used to prevent agreement on practical procedures;

(3) That the Security Council should by a procedural resolution formally request me to undertake this continued responsibility.

Among other things I think any question of continued responsibility by myself should be used for whatever it may be worth as a lever on the parties. In (3) I am of course protecting my position at the time in the future when I would have to report to the Security Council.

7. Moreover, you will realize that Canadian participation in this matter inevitably involves a somewhat thankless and perhaps invidious task. While this responsibility could hardly be avoided with dignity during our membership on the Security Council and my tenure as President, the responsibility after 31st December will remain squarely on the members of the Security Council, and the Western Powers chiefly interested are the United Kingdom and the United States. I think we should avoid being used by these two Powers as a convenient method of shirking any of their own responsibility in this matter or evading any embarrassment which expression of views in this dispute may entail. Therefore, a fourth condition which, in my judgment, should be met before any decision is made, is that we should have firm assurance that the United States and United Kingdom Governments are themselves strongly and persistently pressing both parties, publicly when necessary, to reach an early agreement.

8. I would appreciate a very early indication of your views on this matter.

181.

DEA/50015-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde*

*Secretary of State for External Affairs
to High Commissioner in India*

TELEGRAM 222

Ottawa, December 28, 1949

TOP SECRET

Kashmir.

Could you deliver to Prime Minister Nehru following message as soon as possible. Matter is one of urgency as the Security Council is to meet tomorrow in New York on the above matter, begins.

General McNaughton has sent me a copy of the reply of your Government to the proposals handed to the representatives of India and Pakistan by him as President of the Security Council and which, it was thought, might provide a basis of settlement for the Kashmir dispute. General McNaughton is, of course, acting in this capacity for the Council and not as a representative of Canada, but I expressed to him, and I hope you will permit me to express to you, my disappointment that his proposals as they stand are not considered as satisfactory by your Government. I do not know yet what attitude the Government of Pakistan has taken to them.

I think I can understand the Indian position on this issue, especially after your visit to Ottawa which we remember here with so much pleasure, but I am sorry that in a note which I assume is to be made public, the position is taken that as Pakistan is the aggressor in Kashmir, she cannot be regarded as being on a footing of equality with India. I am not, of course, quarrelling with your views on this aspect of the matter, but if their acceptance by Pakistan is required, this seems to me to make any agreed settlement through the United Nations practically impossible. I think that a case can be made for amendments to certain parts of the proposal, especially to those dealing with demilitarization and demobilization, which would help to meet your point of view. Certainly General McNaughton never expected his proposal to be the last word on these questions. But if the position stated regarding the acknowledgment of Pakistan as the aggressor is maintained, I am afraid that little progress can be made on other aspects of the question.

I do not, of course, wish to interfere officially in this matter at all, or prejudice any position which the Indian Government may find it necessary to take, but I thought that I should give you my personal views, especially on the "aggressor" aspect of the question to which I have referred above. I feel sure you will not misunderstand my motives in doing so. Kindest personal regards. I am looking forward very much to seeing you shortly in Colombo. Ends.

182.

DEA/50015-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 840

Ottawa, December 28, 1949

TOP SECRET

Following for McNaughton from Pearson, begins: Kashmir.

The Indian reply to your Kashmir proposal is certainly a disappointing one. I am, of course, anxious not to intervene in this matter officially in any way, but I thought that the possibility of a breakdown, with consequent publication of the relevant documents, justified me in sending a message to Prime Minister Nehru, which I forwarded to you in my telegram No. 838.

If the Security Council is called together to hear your report, the proposal which you have made as mediator will, I assume, have to be made public, together with the replies of the Indian and Pakistan Governments to that proposal. I suppose that the proposal will become known as a Canadian one, which makes it all the more desirable, of course, that it include nothing which can justifiably be regarded by either party to this dispute as weighing the scales against it. I know that you have had this very much in mind in the fine and tireless effort you have been making to establish an agreed basis for a solution.

So far as procedure is concerned, I am glad you have been able to secure a postponement of the Security Council meeting in order to avoid the hardening of positions on both sides. This is, of course, essential as long as there is any possibility of agreement. I appreciate, of course, the special difficulty you are in because your term of office expires at the end of the week. However, I should think that the Council would be anxious for your successor to continue your work along the lines so well laid down by you as long as there is any possibility of success, and that the Council would also wish you to be put at the disposal of your successor to assist him. However, this is, of course, a matter for the Council itself to decide.

So far as the Indian reply is concerned, if they insist on the position that Pakistan must be considered as an aggressor and, therefore, on a different basis than India, no United Nations mediation effort is likely to be successful. It is hard for me to believe that the Indian Government will continue to insist formally on this point, though I must admit that their reply to you indicates that is the position they will take.

So far as the specific points made by the Indian Government in its reply are concerned, I am wondering whether it would not be possible to meet them in one or two respects so far as demilitarization and demobilization are concerned. I have not, of course, given this matter the thought that you have, but I have in mind some modification of 2(a) which would remove the impression that the Azad forces and the Kashmir forces are to be treated on exactly the same basis. I know that the

Indians feel strongly about this as the Azad forces have been built up entirely since the dispute began and, indeed, since the United Nations intervened in that dispute. I have in mind the possibility of making some concession to this Indian feeling by altering 2(a) so that the last sentence would read somewhat as follows: "Also the reduction by disbanding and disarming of the Azad forces, and after this process has begun, disbanding and disarming the armed forces and militia of the State of Kashmir."

This idea, of course, could be better expressed, but you will gather what I have in mind. However, any such change requires the abandonment of the "guilt" concept by India and their willingness to suggest specific amendments to your proposal or to discuss those suggested by you. You, of course, will be in the best position to judge whether this can be done at this stage, or whether it is, indeed, too late. Certainly we should not give up as long as there is any remote possibility of an agreed proposal for submission to the Council.

I cannot end this message without thanking you and your advisers for the magnificent work you are doing to help solve this complicated and difficult problem. It is a fitting finale to your distinguished representation of Canada on the Security Council which has won so much admiration on all sides.

183.

DEA/50015-40

*Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures
High Commissioner in India
to Secretary of State for External Affairs*

TELEGRAM 339

New Delhi, December 29, 1949

TOP SECRET

My telegram No. 338, December 29th, Kashmir.

I received at eleven o'clock p.m. from Mr. Nehru, who explains that he was busy with the Cabinet and other meetings all afternoon and evening, the following message for you, Begins:

Thank you for your message which has been forwarded to me by the Canadian High Commissioner. I appreciate your interest in the Kashmir dispute. We are eager for a settlement, but certain factors have come in the way of such a settlement which I endeavoured to explain to you. We do not wish any public discussion of this issue, if it can be avoided. Hence our original suggestion for a mediator. But if public discussion does take place, then it is impossible to hide obvious and important facts. I understand our delegation at Lake Success has suggested certain amendments to General McNaughton's proposals.

We have always attached great importance to the moral aspect of the Kashmir issue and we are convinced that the ignoring of this has added to the difficulties of settlement. Throughout our discussions with the Commission, and in our published correspondence, we have laid stress on this. No just or durable decision can be

arrived at unless premises are sound. We do not desire any condemnation of Pakistan, but (point out?) we cannot accept statements made which ignore (group corrupt) real situation. Bajpai will no doubt explain fully our position to you.

I am looking forward to meeting you in Colombo. Kind regards. Ends.

184.

DEA/50015-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 843

Ottawa, December 29, 1949

TOP SECRET

Heeney has explained to me your objections to following the course of action which we had suggested when the Council meets this afternoon. If you consider that there is no alternative other than to table your proposals together with the replies of the two parties, we will of course be guided by your judgment of the situation on the spot. It seems to us, however, that the formal publication, above your name at this point, of the proposals, especially accompanied by the replies will make it much more difficult for further adjustments to take place. We had hoped, therefore, that it would be possible for you to say to the Council that you had prepared certain draft proposals, that you had submitted these proposals for comment to the two parties, that you had received a number of suggestions and proposed amendments from both sides, and that you considered that the process of negotiation should now be continued. It seemed to us that you might then go on to say that both the proposals and the replies were in so flexible and tentative a condition that you thought no useful purpose could be served by making them formal through tabling them at the present time. You would, of course, be guided by the Council in this matter but your own judgment was that it would be preferable to avoid giving any greater degree of formality than was necessary to the negotiations at their present stage.

2. In making this suggestion, however, I would like to repeat that I am prepared to be guided by your judgment, based on the circumstances as you consider them to exist at the present moment in New York. Ends.

185.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1264

New York, December 29, 1949

TOP SECRET

Kashmir.

1. At his request, Bajpai came to my office yesterday afternoon (Wednesday, 28th December) at 5.30 p.m. He was joined by Rau. Arnold Smith and Grande were with me.

2. Bajpai told me that he had received his Government's reply to the message which he had sent them Tuesday night after his meeting with me. He read from the message he had received, approximately as follows: "We do not desire the Commission or the Council to condemn Pakistan either publicly or privately, but basic facts cannot be ignored. We are quite agreeable to making suggestions for amendments." I then asked Bajpai whether he had specific amendments which he could give to me at this time. He said that he would need some time to formulate these. I then asked whether he could do this and give them to me as soon as possible. He said that he would. At the end of the meeting he told me that if he and Rau were the only two persons to consider he could have the amendments ready within a very short while. However, he said, "I have to carry my team with me." I said that I understood. He further said at the end of the meeting that he had not yet informed Abdullah about his meeting with me (and presumably about the message which he had just received from India), and that he would have to do so immediately.

3. There then followed some discussion as to whether and when the Indian amendments should be given to Pakistan and vice versa. Further, there was considerable discussion as to whether and when the replies of India and Pakistan should be made public. We said that, as India had agreed to submit amendments to my proposals, we would regard the first Indian reply as past history and would neither exchange it nor have it made public. Bajpai agreed with this suggestion.

4. Both Bajpai and Rau made it very clear that they did not think it wise (a) to exchange the replies of India and Pakistan prior to the Security Council meeting this afternoon, or (b) to make public these two replies at this time. They implied that if, for instance, the Indian reply were given to Pakistan prior to the Council meeting, Pakistan might take advantage of this to say to the Council that she had substantially accepted my proposals whereas India had not. Thus, positions would be hardened and the process of harmonising the two sides would become extremely difficult, if not impossible. Further, both Bajpai and Rau said that if the two replies were made public at this time a similar situation would occur and further harmonising would become extremely difficult, particularly in view of the reaction of the public in both India and Pakistan. Bajpai and Rau said they were very concerned

lest a public debate in the Council at this time on the basis of my proposals would cause other members of the Council to support them in so forceful a manner that India might have to take up an equally strong stand along the lines of her original reply. They pointed out that the Indian Government would find itself in a very difficult position if it received strong criticism at this time in the Council.

5. (On this point I would observe that judging from the prompt reaction of India to the message which I gave to Bajpai on your behalf Tuesday night, I am disposed to think that it would be useful for some indication to be given by other Council members of the unfavourable impression which would be created should India adopt a position of obduracy.)

6. Bajpai also said that it would be unfortunate if the Soviet representative, desiring to make mischief, should make a statement strongly supporting the Indian position, when other Council members were in effect inclining toward the Pakistan position. Such a statement would be widely reported in the Indian press, and sink into the public mind, to create an impression that the Russians were truer friends of India than the western democracies.

7. (I did not comment on this statement. It may be largely bluff, but it may not. I am unable as yet to assess what position the USSR is likely to adopt.)

8. I said that I would naturally consider very carefully the explanation which I would give to the Council as regards my proposals and my negotiations with the two parties. I said that I would of course do my very best not to aggravate the situation. Bajpai and Rau seemed particularly concerned that I should not use any such phrase as "the truth lies between extremes" in referring to my proposals. I had previously told them that I had been thinking of using some such phrase to indicate the position set forth in my proposals. Subsequently I said that I would eliminate this type of phrase from my statement. Further, I tentatively agreed, subject to the consent of Pakistan, that I would, at Thursday's meeting of the Council, after tabling my proposals, then say that the two parties had put forward amendments which had been received only recently and which required more time for study. Further, more time was required for an attempt to harmonise the two points of view expressed in these amendments from both sides. I could then say that these amendments would be interchanged between the two parties and that perhaps the parties might need to refer some points back to their respective Governments for instructions. Finally I said I would express the hope that the Council would agree that someone should carry on the negotiations in this manner. I would also, of course, point out to the Council that my term of office as President and Canada's membership in the Security Council would expire on 31st December. The Council would, of course, have to decide in what manner further negotiations should be carried on. Bajpai suggested that perhaps Norway might propose that I carry on. I told Bajpai that I personally did not really wish to carry on, but I emphasized that I would not "run away from responsibility" if both parties and the Council really wanted me to continue and there was real prospect of agreement. I would not, however, seek any such office.

9. Rau said that he would hope that my statement to the Council would not give the impression that my mind was finally made up and that my proposals were hard-

ened. I said that I, of course, would not suggest that my proposals were to be regarded as final in any respect as this had never been my intention. These proposals were in fact a first step to be regarded as a point of departure for further negotiations. However, I emphasized that after the leak which had occurred in New Delhi reported in yesterday's New York Times (see my teletype No. 1251†) and the anxiety which it had caused and would cause, I felt that it was essential that I should make a statement to the Council at this time and therefore it would not be proper to propose another deferment of the meeting. Bajpai and Rau both agreed.

10. We suggested that perhaps we might get both India and Pakistan not to make statements in the Council today. Rau countered with "What about the other members of the Security Council?" I said that, apart from the Soviets, I felt that most of them were very responsible and probably would be careful not to aggravate the situation at this critical time.

11. The meeting ended on the understanding that, subject to the agreement of Pakistan, the new reply of India, including her amendments (which Bajpai said he would be ready to hand to me at a meeting in my offices this morning at 10.00 a.m.), and the reply of Pakistan would not be interchanged until after today's afternoon meeting of the Security Council. My proposals, of course, would be made public at the time of the meeting. After the meeting, if the Security Council agreed, the process of negotiation on the basis of these amendments would continue.

186.

DEA/50015-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1272

New York, December 30, 1949

CONFIDENTIAL

Kashmir.

1. You will by now have seen the United Nations press release No. SC.1087 of 29th December,† carried on the United Nations teleprinter, which contains a summary of the Security Council meeting at 3:00 p.m., 29th December. The text of my statement after distributing my proposals to members of the Council, is contained verbatim in "Takes" 3 to 6 inclusive in SC.1087.

2. Before the agenda of this meeting was adopted the Soviet and Ukrainian representatives made a declaration regarding China's representation on the Security Council. This subject is reported on in a separate teletype.

3. In so far as the Kashmir question was concerned, once I had made my statement, our proposals were given general support by the representatives of Norway, the United Kingdom, France, the United States and China. Sunde of Norway stated that "you have succeeded in defining clearly the areas of disagreement. Your proposals for a basis of agreement, in my opinion, cut across those remaining areas in

a fair and equitable manner." For the United Kingdom, Cadogan said that the proposals "pay the utmost possible regard to the legitimate interest of the two parties in this dispute". Gross, speaking for the United States, said "I believe that they (the proposals) constitute a fair and reasonable approach to the problem based upon a principle to which the President has already referred and which has been accepted heretofore by both parties: that the future of the State of Jammu and Kashmir will be determined by the will of its people, freely expressed." Tsiang of China said that his study of the proposals showed "that they were carefully framed so that, in so far as possible, no appearance of prejudicing the rights and claims of either parties should be allowed to appear." Chauvel of France said that "we are in full agreement with the suggestions which the President has made."

4. It will be seen from these extracts that the support given to my proposals was of a general character and that the representatives from these friendly delegations did not discuss the proposals in detail.

5. The question of the future conduct of informal negotiations between India and Pakistan caused more discussion in this meeting of the Council than did the substance of the proposals I had submitted. In this connection the representative of Norway made an informal proposal that "the President's mediation should continue, if necessary, and if he is willing, after the expiration of his term as President." This proposal was supported by the representatives of the United States, the United Kingdom, France and China.

6. The Norwegian proposal, and the supporting remarks of other members, were made without previous consent from me. When approached by various colleagues on my willingness to continue in January, I had spoken along the lines you know. Moreover, it had been agreed with the United Kingdom and United States on Wednesday afternoon that we should avoid any action on this matter being taken at Thursday's council; and on Thursday morning, in reply to further enquiries, we had let it be known that I did not wish to decide this question at once and that there was no urgency—it would be best to leave the matter to the parties and to the next Council in January. The statements supporting the Norwegian suggestion therefore savoured of an attempt to railroad me into a commitment which I wished neither to accept nor reject at this stage.

7. I was therefore amused when Malik pointed out for the Soviet Union that Canada's membership on the Council ended on 31st December and that it would be "unprecedented" for the Council to have a non-member continue with these "mediation" functions. Malik added it would "put the representative of Canada, in the first instance, in a position which would be embarrassing or at least delicate. It is an innovation which is not provided for in the charter, in the rules of procedure, or in the practice or the records of the United Nations." Malik added that such a procedure would add a third category to membership in the Security Council (in addition to permanent members and non-permanent members). This third category would be that of a "prolonged member."

8. Towards the end of the meeting I made the following statement in regard to this suggestion of the Norwegian delegate, as supported by other members of the Council: "I should like to assure my colleagues that under no circumstances do I

seek to evade trouble or work, but I think they will forgive me if I say that before undertaking such a mission as has been indicated, I should satisfy myself that there is in fact a real necessity for me to do so. I feel that if this should be so, and as the representative of the Soviet Union has indicated, it would only be right and appropriate that the functions of this mediation between the two parties, in this vitally important matter, should be most carefully and most specifically defined by the Security Council in full agreement with the parties, and that the parties should also be in agreement as to the person who should undertake this duty. I again say that I do appreciate most sincerely the courtesy which has been given to me today, but I must ask, in all sincerity and with a regard for what I think is the proper and expeditious handling of this matter, that we defer consideration of these particular problems until the new Security Council is in office."

9. In replying to further questions from Cadogan and Gross I emphasized that I would continue to participate in the discussion of this problem with the two parties "until the expiration of my mandate as president of this Council." So far as reporting on further discussion with the parties until the end of that period (i.e., 31st December 1949), I said that I should "be glad to come myself in any capacity which the Council may desire, in order that the information (i.e. a report of these discussions) may go forward."

10. Gross (United States) who, as you know, is anxious to avoid any resolution and consequent challenge to a double-veto, suggested that I act without a new resolution, either by considering that my mandate was personal and did not expire with my tenure of office as President, or under Article 33 by decision of the two parties. Near the end of the meeting he asked me to rule whether anything said at the meeting would preclude action under Article 33, and I said such action was not precluded.

11. This matter was thus left on the following basis:

(a) I would continue any meetings with the parties which they might feel useful until the end of this month;

(b) I would be prepared to submit the report of these meetings to the Council in any manner which the Council might wish;

(c) So far as further participation in these discussions by me was concerned, after the end of December, this was a matter to be decided by the new Council which would come into existence on 1st January, 1950, and by the two parties;

(d) Action under Article 33 of the Charter is not precluded.

12. The representatives of Pakistan and of India both spoke gracefully of my efforts, and both happily avoided saying anything on the substance of the dispute between them.

13. In New York, after the Security Council meeting the replies of the two parties were interchanged as had been agreed. i.e. A copy of Pakistan's reply was given to the Indian delegation, and a copy of the second Indian reply was given to the Pakistan delegation.

187.

DEA/50015-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde*

*Secretary of State for External Affairs
to High Commissioner in India*

TELEGRAM 224

Ottawa, December 30, 1949

TOP SECRET

Thank you for the quick action which you were able to take in regard to the message for Mr. Nehru about Kashmir. I do not think any further approach to him is required for the time being, but if you should see him and the question arises, you might mention that strong pressure is being brought to bear on McNaughton to continue his mediatory efforts in some capacity after Canada leaves the Security Council and that while we are not running away from any responsibility we are not particularly anxious that he should do this; certainly we would not wish McNaughton to continue unless the two parties to the dispute are both really anxious that he should do so. Confidentially, the unfavourable reception by the Government of India to the proposal which General McNaughton put forward increases our reluctance that he should continue his present mediatory duties after Canada leaves the Council.

2. Mr. Nehru mentions in telegram 339† his disappointment that the original suggestion for a mediator was not carried out and that if public discussion takes place it is impossible to hide obvious and important facts. Any negotiations taking place in New York now are, of course, for the purpose of establishing conditions which would make it possible to appoint a mediator with reasonable chances of successful results being achieved. Mr. Nehru's representatives during the discussions have not at any time, as far as I am aware, quarrelled with this procedure. It might have been possible to adopt an alternative procedure by which the Security Council would merely turn over all its functions in this matter to a mediator with simple and broad terms of reference, but this has not been suggested by the Indian representatives or anybody else, and I am, therefore, a little surprised that Mr. Nehru should have considered that the way the negotiations have been conducted may not be in line with his earlier ideas about the appointment of a mediator.

SUBDIVISION V/SUBSECTION V

DÉSARMEMENT
DISARMAMENT

188.

DEA/50189-40

*Note du secrétaire du Comité des chefs d'état-major
pour le Comité de la défense du Cabinet**Memorandum from Secretary, Chiefs of Staff Committee
to Cabinet Defence Committee*

CONFIDENTIAL

Ottawa, June 8, 1949

COMMISSION FOR CONVENTIONAL ARMAMENTS

1. When the Working Committee of the Commission for Conventional Armaments met on May 26, the French representative presented a plan for an exchange of information on armed forces and conventional armaments. This plan had its origin in the General Assembly resolution of 19th November, 1948, which called upon the Security Council "to pursue the study of the regulation and reduction of conventional armaments and armed forces through the agency and the Commission for Conventional Armaments". In accordance with paragraph 6 of that resolution the Commission asked its Working Committee on 23rd February to undertake as its first task "the formulation of 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 effectives and their conventional armaments".

2. The French working paper, a copy of which is attached,† was presented as the first step in the implementation of the November 19th resolution. Although presented to the Working Committee by the representative of France, the present paper is nevertheless based largely on the United States draft paper which the Chiefs of Staff Committee had before it at its meetings of 26th April and 11th May. The only differences between the present paper and the United States draft are:

(a) that the present paper is the product of informal discussions among the delegations of Canada, France, the United Kingdom and the United States, and

(b) that in the joint paper the original provisions of the United States paper have been simplified by a shortening and revision of section 1 (General Considerations), by the exclusion of a detailed listing of items to be covered in the proposed census of effectives and armaments, and by the exclusion of some details of the verification procedures.

The present paper, then, confines itself to broad proposals for the census and verification, leaving the details of method to be worked out by agreement in the Expert Sub-Committee which is to be set up.

3. It is almost certain, judging from the remarks of the Soviet representative in the Working Committee on May 26th, that the U.S.S.R. will reject the terms of the French working paper. This being the case, the Western Powers are anxious to

advance a proposal which will be as clear-cut and simple as possible in order that by rejecting it, the Russians will be placed in an unfavourable propaganda light. To do this, however, the Powers supporting the provisions of the present paper must be prepared, if necessary, to implement these proposals under existing political conditions.

4. In considering this question, the Chiefs of Staff Committee, bearing in mind the fact that the Canadian Government has not revealed to the United Kingdom and United States nor even to the Parliament of Canada information on its holdings of military equipment, attached a proviso to their recommendation that the Canadian delegation should be instructed to support the use of the American working paper as a basis of discussion for the final stage of the informal talks. This proviso was to the effect that, from the military standpoint, the Canadian Government should not agree to the release of information on military equipment until the census and verification of information on personnel had first been carried out in good faith by the U.S.S.R. This proviso, however, was not incorporated by the Working Committee in the wording of their final paper because it was felt that the introduction of a security check of this nature would weaken the strength of the proposals, and might enable the U.S.S.R. to argue that such a suggestion was merely an attempt to place the Soviet Union in the position of having to divulge information on personnel in which they were known to be stronger than the Western Powers.

5. Although there are no definite assurances that the governments of the United States, the United Kingdom and France will in fact agree to the terms of the present working paper, it would appear reasonable to assume that they will accept it without serious reservation as they have been actively concerned in the successive stages of its preparation. Moreover, if (as is extremely unlikely) a census and verification of armaments and effectives were to take place as a result of the present proposals, the United States, the United Kingdom and France would undoubtedly be required to release a greater volume of important military information to the control organ than would Canada. Their willingness to participate in the present plan may, it is true, be largely based on their conviction that the U.S.S.R. will reject it. In any event it would seem that if these three governments are willing to subscribe to the plan, the Canadian Government would have less to lose by giving a similar assurance and should therefore keep in step with the other three Governments in what is essentially a manoeuvre in the cold war.

6. Bearing in mind, therefore,

- (a) that it is unlikely that the U.S.S.R. will agree to the present proposals; and
- (b) that it would be desirable, in order to place the U.S.S.R. in an unfavourable propaganda light, to put forward proposals which are as clear-cut and simple as possible; and
- (c) that the U.S., U.K. and French Governments are expected to subscribe to the terms of the present working paper; and
- (d) that Canada shall have an opportunity, when the Expert Sub-Committee is set up, to express further views on the method of carrying out the proposals,

the Chiefs of Staff recommend:

(i) that the Canadian Government subscribe to the terms of the present working paper; and

(ii) that the Canadian Government agree to implement these terms if the need should arise.⁵⁰

J.D.B. SMITH

189.

DEA/50189-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État par intérim aux Affaires extérieures*

*Permanent Delegate to United Nations
to Acting Secretary of State for External Affairs*

DESPATCH 416

New York, October 19, 1949

CONFIDENTIAL

Sir,

I have the honour to enclose one copy of the Verbatim Record of the 452nd meeting of the Security Council, held at Lake Success at 3 p.m., October 18, 1949.†

2. As you will have already seen from United Nations press release SC/1053, the Council concluded the debate on the proposal for census and verification of armaments and armed forces adopted by the Commission for Conventional Armaments (document S/1372), and proceeded to a vote on the three draft resolutions pertaining to this subject. These resolutions were forwarded under cover of my despatch No. 413 of October 15† (documents S/1399/Rev.1; S/1405/Rev.1 and S/1408/Rev.1).

3. Prior to the vote on the three resolutions the Soviet and Ukrainian representatives made their usual abusive and distorted statements along what are now familiar propaganda lines. Neither of these statements added to the knowledge or humour of the Council, and as was to be expected, consisted mainly of an inaccurate survey of the work of the Commission for Conventional Armaments, and a reiteration of the "practical measures" for disarmament previously proposed by the Soviet Union, and which have been aired at considerable length in the General Assembly, the

⁵⁰ Ces recommandations furent télégraphiées à la délégation aux Nations Unies (no. 527, le 15 juin 1949) avec le commentaire suivant: «It has not been possible to obtain Ministerial authority so far and it may well be impossible to do so for some days.» On a voté sur l'exposé français, le 21 juin, lorsque la délégation canadienne vota avec la majorité, dans le but d'appuyer la Commission sur les armes conventionnelles.

These recommendations were sent by telegram to the Delegation to the United Nations (No. 527, June 15, 1949) with the comment that "It has not been possible to obtain Ministerial authority so far and it may well be impossible to do so for some days." The French paper was put to a vote on June 21, when the Canadian Delegation voted with the majority on the Commission for Conventional Armaments to support it.

Security Council, the Atomic Energy Commission, and the Commission for Conventional Armaments at various times during the past few years. You will note that an otherwise dull meeting was enlivened to some extent by the attention given by both the Soviet and the Ukrainian representative to the remarks which had been made by Mr. Pearson at the previous meeting of the Council. The relevant, or "irrelevant", Soviet and Ukrainian criticisms are contained on pages 22 to 25 and 37 to 40 of the attached Verbatim Record, from which can be gathered the rather obvious fact that Messrs. Malik and Manuilsky were none too pleased with Mr. Pearson's remarks. I felt that a reply was unnecessary as the fallacies and lack of logic of the Soviet and Ukrainian criticisms were self-evident and any reply would merely have prolonged an already lengthy debate.

4. After a short and very able statement by Cadogan (U.K.), it was decided to proceed to a vote on the three resolutions before the Council. Prior to the vote, however, Malik (U.S.S.R.) intervened with a remark to the effect that the French resolution (document S/1399/Rev.1) to approve the proposals on census and verification was being put to the vote merely to provoke a Soviet veto. He thought it would be quite proper merely to transmit to the General Assembly the various documents dealing with the question, and in view of this he saw no reason to proceed with a vote on the resolution. This suggestion received a cold reception, and the voting then proceeded as follows:

(a) The French resolution to approve the census and verification proposals (document S/1399/Rev.1) was vetoed by the U.S.S.R., the vote being 9 in favour (including Canada) to 2 against (Ukraine and U.S.S.R.).

(b) The Soviet resolution dealing with the submission of information on conventional armaments, armed forces and atomic weapons (document S/1405/Rev.1) was defeated, the vote being 3 in favour (U.S.S.R., Ukraine and Egypt), 1 against (China) and 7 abstentions (including Canada). It had not been anticipated that Egypt would vote with the Soviet bloc on this resolution, but, as you are aware, the Egyptian position is not always consistent.

(c) The French counter-resolution (document S/1408/Rev.1) recognizing that information must be adequately verified was vetoed, the vote being 8 in favour (including Canada) to 2 against (Ukraine and U.S.S.R.), with one abstention (Argentina).

(d) A French procedural motion to transmit the Working Paper adopted by the Commission for Conventional Armaments to the General Assembly, together with records of the discussions in the Security Council, the Commission for Conventional Armaments and its Working Committee, was adopted by 9 in favour (including Canada), none against, with two abstentions (Ukraine and U.S.S.R.).⁵¹

⁵¹ Le 5 décembre 1949, l'Assemblée générale des Nations Unies adopta une résolution parrainée par la Norvège et la France (laquelle résolution reflétait un consensus entre le Canada, la France, le Royaume-Uni et les États-Unis) par un vote de 45 en faveur, 5 contre et 5 abstentions. On December 5, 1949 the U.N. General Assembly adopted a resolution sponsored by Norway and France (which reflected a consensus reached by Canada, France, the United Kingdom and the United States) by a vote of 45 in favour, 5 against, with 5 abstentions.

5. You will already have noted, from Press Release SC/1053, that at the opening of the meeting the President made a short announcement on voting procedures in the Security Council. I am reporting his remarks separately today.

6. The next meeting of the Council is scheduled for 3 p.m. on Tuesday, October 25.

I have, etc.

A.G.L. McNAUGHTON

SUBDIVISION VI/SUBSECTION VI

GRÈCE
GREECE

190.

DEA/7330-A-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 244

New York, November 5, 1949

CONFIDENTIAL

Reference previous correspondence Greek question,⁵² Begins:

1. The Political Committee has now completed its discussion of this item and has taken the following decisions:

(a) Regarding the question of the Greek children, the Committee adopted unanimously on 3rd November a draft resolution the text of which is contained in my immediately following teletype en clair.† The draft resolution introduced by Australia, China, the United Kingdom and the United States, (the text of which was sent to you in my teletype No. 180 of 27th October)† was revised by the four sponsors in a manner which made it less condemnatory of the Governments which had failed to comply with the Assembly's Resolution 193 (III) concerning the return of these children to Greece. This revised resolution of the four sponsors was further amended on 3rd November by various representatives in the Political Committee with a view to achieving a unanimous vote. The resultant language adopted by the Committee is thus much milder in tone than the original proposal of the four sponsors.

(b) The joint draft resolution of Australia, China, the United Kingdom and the United States (see my teletypes No. 175† and No. 180) was adopted in the Political Committee on 4th November by a vote of 38 in favour, 6 against (the Soviet bloc

⁵² Voir: Ministère des Affaires extérieures, *Le Canada et les Nations Unies 1949* (Ottawa, 1950), pp. 41-45.

See Department of External Affairs, *Canada and the United Nations 1949* (Ottawa, 1950), pp. 40-43.

and Yugoslavia) and 2 abstentions. Canada voted in favour of this draft resolution. We did not participate in the general debate on this item in the view that our general position had been sufficiently well covered in the statements of other representatives.

(c) The Soviet proposal (the text of which was contained in my teletype No. 186) was then rejected by successive roll-call votes on each paragraph. (Canada voted against each paragraph). After each paragraph had been decisively rejected by the Committee, the Chairman ruled that under Rule 118 no vote was needed on the resolution as a whole. This rule was challenged by the Soviet representative and was sustained by the Committee by a vote of 43 in favour (including Canada), 5 against and 10 abstentions.

2. After concluding discussion of this item on the morning of 4th November, the Political Committee resumed discussion of the question of Italian Colonies at the afternoon meeting. Ends.

191.

DEA/5475-DW-40

*Extrait de la note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Extract from Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], November 9, 1949

CABINET MEETING, NOVEMBER 10—PROGRESS REPORT ON UNITED NATIONS
GENERAL ASSEMBLY

In making your weekly progress report to Cabinet on the work of the United Nations General Assembly you may wish to refer to the following notes.

...
3. *The Greek question*—Preparatory work has finally been completed on the Greek question. It now appears almost certain that the United Nations watchdog commission in the Balkans will be continued in spite of the persistent refusal of the Communist countries to recognize its legality or to cooperate with it. In addition, members of the United Nations and all other States will probably be asked to impose an arms embargo on Albania and Bulgaria. This decision, which was taken over the vigorous opposition of the Soviet bloc, reflects the concern of the majority of the Assembly at the continued friction between Greece and her Communist neighbours. The course of the Assembly's debate on the Greek question left no

doubt as to the active part which the U.S.S.R. is still playing in stimulating unrest on the borders of Greece.⁵³

A.D.P. H[EEENEY]

SUBDIVISION VII/SUBSECTION VII
 ANCIENNES COLONIES ITALIENNES
 FORMER ITALIAN COLONIES

192.

DEA/50126-40

Sommaire pour la délégation permanente aux Nations Unies
Brief for Canadian Permanent Delegation to United Nations

CONFIDENTIAL

[Ottawa, August 31, 1949]

DISPOSAL OF THE FORMER ITALIAN COLONIES

I. *Historical Background*

The question of the disposal of the former Italian colonies in Africa was referred to the General Assembly of the United Nations on September 15, 1948, when the governments of the United Kingdom, the United States, the U.S.S.R. and France failed to agree on the matter within the one-year time limit allotted for this purpose under the terms of the Treaty of Peace with Italy. An annex to the treaty provides that the recommendations made by the General Assembly shall be accepted by the Four Powers, who are to take appropriate measures for putting them into effect.

2. Because of a crowded agenda the General Assembly was unable to take up the question at its Paris meeting. At Lake Success and Flushing Meadow in April and May 1949, however, it discussed the matter at length but failed to reach agreement.

3. The future of three territories is in question—that of Italian Somaliland on the Indian Ocean, Eritrea on the Red Sea and Libya facing the central Mediterranean. Within Libya three separate areas have been given individual attention, Cyrenaica adjoining Egypt on the east, and Tripolitania and the Fezzan adjoining Tunisia and Southern Algeria on the west. All these territories with the exception of the Fezzan have been under British Military Administration since the defeat of the Axis powers; the Fezzan has been under French occupation.

4. Among the most pronounced features of the problem have been:

(a) A strong desire on the part of Italy to administer trusteeships in all of its former African colonies except Ethiopia, which is now a member of the United Nations;

⁵³ Le 18 novembre 1949, l'Assemblée générale adopta à l'unanimité une résolution demandant que les enfants grecs soient retournés en Grèce.

On November 18, 1949 the General Assembly unanimously adopted a resolution calling for the return of Greek children to Greece.

(b) The strong antipathy to Italian control of any sort which appears to characterize public opinion in the greater part of the area under discussion, although not the entire area;

(c) The susceptibilities of various European powers having direct interests in Africa, which cannot be ignored since they are inevitably related to the maintenance of international peace and security, and particularly

(i) The desire of Italy for outlets in Africa for its own unemployed population;

(ii) The hope of France for a settlement in Libya which will not force French withdrawal from the Fezzan;

(iii) The wish of the United Kingdom, now shared by the United States, for a settlement which will not be incompatible with the maintenance of a strong military base in Cyrenaica;

(iv) The desire of Ethiopia for access to the Red Sea along a coastline sufficiently extended to meet the present and future needs of Ethiopian commerce;

(d) The existence among the inhabitants of the territories of conflicting views about the most suitable arrangements to be made to assure their rapid development toward self-government or independence;

(e) The absence of normal means of assessing the strength of various political groups and the consequent failure of the Four-Power Commission of Investigation to agree on the implications of statements made to them by local spokesmen during the survey of the three territories made on behalf of the Deputies of the Council of Foreign Ministers between November 1947 and May 1948.

Proposals considered by the General Assembly, April-May 1949

4(a). Throughout the spring session the Slav group maintained that the United Nations itself should be appointed administering authority under the trusteeship system for Italian Somaliland, Eritrea and Libya. A United Nations administrator should be appointed for each territory. He would be assisted in each case by an Advisory Council, in which representatives of the Four Powers, of Italy and of the territory concerned would sit, along with others. The trusteeships for Libya and Eritrea should be for a period of five years, while the trusteeship for Italian Somaliland should continue for ten.

5. These proposals represented a sudden reversal of policy on the part of the Soviet Union, which had begun by advocating dual trusteeships (with Italy and one of the Four Powers serving as administering authority for each territory) and had later urged the creation of individual trusteeships, with Italy alone acting as administering authority.

6. India also favoured the appointment of the United Nations as administering authority for two of the three territories, namely Italian Somaliland and Libya. It proposed that a commission should visit Eritrea to ascertain if the inhabitants of that territory wished to be united with Ethiopia immediately.

7. The Arab states agreed with India on the need for a commission to ascertain the real wishes of the inhabitants of Eritrea. They asked, however, that Italian Somaliland should be placed under a collective trusteeship of five states, and proposed that Libya should be given immediate independence.

8. Australia maintained that the General Assembly did not possess enough information to reach a decision on the disposal of any of the territories and suggested that a United Nations committee should conduct investigations in all of them.

9. Latin American states advocated immediate Italian trusteeships for Italian Somaliland and Tripolitania at least, and asked that the United Kingdom, United States, France, Italy and Egypt should propose to the Assembly in the autumn of 1949 terms and conditions under which the whole of Libya, including Cyrenaica as well as Tripolitania, might be administered under trusteeship for ten years before being given independence. Similarly five governments, with Ethiopia replacing Egypt, should make proposals for the future of Eritrea and for the administration of Italian Somaliland under trusteeship.

10. A United Kingdom proposal also foreshadowed an independent Libya after ten years of trusteeship. The United Kingdom would be the administering authority in Cyrenaica, while the governments of the United Kingdom, United States, France, Italy and Egypt would consider the terms under which the rest of Libya should be placed under trusteeship. Roughly half of Eritrea would be united with Ethiopia, in accordance with the desire of the majority living in this area, guarantees being provided for the protection of minorities. Italian Somaliland would be placed under Italian trusteeship.

11. The Political Committee set aside all these proposals and decided by a vote of 34 (including Canada) to 16, with 7 abstentions, to recommend to the Assembly a plan based on a compromise agreed to early in May by the Foreign Ministers of the United Kingdom and Italy, which seemed likely to command more general support. The resolution adopted by the Political Committee provided for the establishment of an Italian trusteeship of indefinite duration for Italian Somaliland. The south-eastern half of Eritrea would be incorporated in Ethiopia, suitable guarantees being given for the protection of minorities and for a charter for the principal towns of Asmara and Massawa where leading business interests are established. No decision was reached on the disposal of the Western Province adjoining the Sudan, however, since the majority of the committee opposed its incorporation in the Sudan and no other suggestion was brought forward. After a period of ten years a united independent Libya was to come into being unless the General Assembly should decide when the time arrived that this step would not be appropriate. During the intervening decade Cyrenaica would be under British trusteeship and the Fezzan under French trusteeship. Tripolitania would come under Italian trusteeship by the end of 1951. Until then it would remain under a temporary British administration, which would be assisted by an Advisory Council made up of representatives of the United Kingdom, United States, France, Italy, Turkey and inhabitants of Tripolitania themselves.

12. When this recommendation of the Political Committee was voted on in the plenary meeting of the General Assembly on May 17, however, it was upset. The proposal for an Italian trusteeship in Somaliland failed of adoption by three votes, those opposing it being a combination of Asian, African and Slav states and Haiti. The proposal for a temporary Italian trusteeship for Tripolitania failed of adoption by one vote, Ethiopia and Liberia abstaining instead of opposing the adoption of

this paragraph. In view of the rejection of these two proposals in the paragraph-by-paragraph voting, France and the Latin American group withdrew their support of the compromise resolution as a whole, since their support had been given only on the assumption that, temporarily at least, Italy would have two trust territories to administer. On the final vote, therefore, only fourteen states, including Canada, supported the compromise; 37 were opposed and 7 abstained. The Assembly approved, however, a recommendation of the Political Committee that the Economic and Social Council should be asked to take into account the problem of economic development and social progress in the former Italian colonies.

13. The Soviet Union then renewed its proposal to appoint the United Nations itself as administering authority in each of the three former Italian colonies. Canada voted against this resolution. Pakistan renewed the former Australian proposal that a committee of investigation should be sent to the three territories by the General Assembly. Canada abstained in the vote on this resolution, which was defeated. Similarly the Assembly defeated a proposal of three Latin American states that the question should be referred to the Interim Committee, which should ascertain the wishes of the native populations and other relevant facts and report to the fourth session of the Assembly.

14. On May 18 the Assembly approved a Polish resolution to refer the entire question to the fourth session of the General Assembly.

II. *Developments since the conclusion of the third session of the General Assembly*

15. In Tripolitania demonstrations against the British took place in May when it became known that Mr. Bevin had agreed to support even a temporary Italian trusteeship for that territory. Threats of non-cooperation with the Administration were not carried out, however, since it soon became clear that with the defeat of the Bevin-Sforza compromise in the General Assembly the plan was no longer considered binding by the United Kingdom Government. The latter, moreover, although it had considered itself bound in the past under the Hague Convention to follow a "care and maintenance" policy in Tripolitania, now decided to send a mission to the territory to prepare the way for a more active programme of economic, social and educational development, and a greater number of Tripolitans have recently been associated with the administration as an educational measure. It is not believed that the United Kingdom Government would be likely to oppose independence for Tripolitania after a short period of preparation, if this plan receives general support in the Assembly.

16. In Cyrenaica a "national congress" of local notables was held on June 1 to force the issue of self-government under the leadership of the Senussi Amir, Sayyid Idris. The Chief Administrator told this assembly that the United Kingdom Government agreed to the formation of a Cyrenaican government with responsibility over internal affairs, without prejudice to the eventual future of Libya as a whole. The Amir, acting under pressure from local notables, sent requests for recognition of Cyrenaica's independence to the heads of many governments a few days later, but so far as is known there were no favourable replies. Canada informed the Amir that it was following with close interest the development of self-governing institutions in Cyrenaica in accordance with the United Nations Charter, but that we were

bound by the Italian peace treaty to recognize the continuing responsibility of the British administration pending a United Kingdom decision regarding Cyrenaica's future.

17. In July the Amir went to London to discuss constitutional matters. He agreed to an arrangement which would leave questions of external policy in the hands of United Kingdom representatives, while his own government would occupy itself with purely local matters if the General Assembly of the United Nations did not object to the proposed division of responsibility.

18. After the rejection of the Bevin-Sforza compromise the Italian Government turned its attention to the possibility of establishing close relations with an independent Tripolitanian government responsible to a freely elected Assembly in which Italian and other minorities would have suitable representation. Italy is now proposing that within the framework of a united and independent Libya separate administrations should be set up in Cyrenaica and Tripolitania. The latter would be associated, in a manner still to be determined, with the United Kingdom and Italy respectively, while the Fezzan would retain its special relationship with France. The French, however, have shown no disposition to support the establishment of a united and independent Libya partly because this would prevent the continued administration of the Fezzan by France and partly because Tunisian nationalists might become restless if Libya were accorded a status more favourable than that of their own country, which is still a French protectorate.

19. For Eritrea as well as for Libya the Italian Government is now asking immediate independence. It is understood that leaders in Rome believe the influence of the Italian commercial class in Eritrea is strong enough to ensure that an independent Eritrea would tend to ally itself voluntarily with Italy. The Four Power Commission of Investigation, however, was agreed that Eritrea is not yet sufficiently advanced to undertake the establishment of an independent administration. The most recent reports on what Eritreans themselves desire have been of a conflicting nature.

20. No new developments have been reported in relation to Italian Somaliland at time of writing.

21. On August 9 there was published the introduction to the annual report of the Secretary General of the United Nations, in which Mr. Lie stated it to be his belief that a direct United Nations trusteeship, with an administrator responsible directly to the Trusteeship Council, would be the best provision to make for each of the former Italian colonies. He recognized "the political and practical difficulties involved in a direct United Nations trusteeship for the territories during the relatively brief period that may precede their independence". Nevertheless he believed that statesmanship "could lead to ... a solution of the problem, and that the political difficulties could be dealt with if the practical difficulties could be overcome". He felt sure that this would facilitate the peaceful development of the territories and strengthen confidence in the United Nations. Mr. Lie gave no indication, however, of the means by which the practical difficulties, which have prevented Western states from agreeing to United Nations trusteeships of this nature, might be eliminated. These have to do not only with financing, policing and the discipline of an

international civil service but also with the fact that the Trusteeship Council is not a suitable body for assuming direct responsibility for the administration of populated territories. The Slav group of states alone is already committed to support a policy similar to that proposed by Mr. Lie for all three of the former Italian colonies, although India is ready to support it for Libya and Italian Somaliland.

III. *Previous Canadian attitude*

22. Canada in its capacity as a signatory of the Treaty of Peace with Italy was twice invited by the Deputies of the Council of Foreign Ministers to offer suggestions for the disposal of the former Italian colonies. The Canadian statements were dated June 7 and August 7, 1948.

23. The first was a general statement made before the Four Power Commission of Investigation had reported on conditions in the three territories. The position was taken that the former Italian colonies must be regarded as falling within the scope of Chapter XI of the Charter relating to dependent territories. Thus the interests of the inhabitants must be regarded as paramount. Arrangements to ensure their future development should accordingly be based on the ascertained condition of each territory and the needs and wishes of its inhabitants. Canada would support the application of the trusteeship system to territories not found to be ready for independence if the majority of the inhabitants did not desire incorporation in neighbouring territory.

24. In its second statement the Canadian Government put forward provisional views of how the foregoing principles might be applied. It made clear, however, that the imprecise nature of the findings of the Four Power Commission of Investigation prevented Canada from reaching final conclusions. The Canadian Government was disposed to support an Italian trusteeship for Italian Somaliland and a United Kingdom trusteeship either for a united Libya or for separate trust territories of Tripolitania and Cyrenaica. It favoured the union with Ethiopia of that part of Eritrea where unionist sentiment was predominant. It also considered that facilities should be provided for resettlement of Italians formerly resident in Africa in those areas of the former Italian colonies where foreign settlers were needed and where they would be welcomed by the inhabitants.

25. The Canadian delegation did not participate in the protracted debate at Lake Success in the spring of 1949, considering that its general position had already been clearly enough stated to the Deputies. As already indicated, Canada supported the compromise plan based on the Bevin-Sforza agreement. When this failed of adoption the Canadian delegation took the view that the matter should be referred to the Interim Committee. It hoped the latter might succeed in securing badly needed information of an up-to-date nature about conditions in the three African territories, and particularly about the state of public opinion, concerning which conflicting reports were being received. When this proposal was also defeated the Canadian delegation supported the motion to refer the issue to the fourth session of the General Assembly.

IV. *Conclusion*

26. The chief interest of Canada in the settlement is that it should serve the long-term requirements of peace and security. Instability in the central Mediterranean

would constitute a menace to European and world security. Unrest in the countries bordering the Red Sea, moreover, would threaten the security of Commonwealth communications. The best chance of keeping constant agitation to a minimum is to make arrangements now that will satisfy as soon as circumstances permit the rising demands for political independence in the former Italian colonies.

27. The political units established should be large enough to allow for the development of economically viable states. Local separatist sentiment should therefore be discouraged as steadfastly in African countries as elsewhere in the world, since the creation of separate regimes either to gratify local prejudice or to permit simultaneous establishment of rival foreign interests may prove fatal to general political stability. Our best contribution may be to keep before the states directly concerned the lessons to be learned from the settlement in the Eastern Mediterranean which followed the first World War. There the proposal to set up a single Arab state comparable in size and strength to Iran or Turkey was set aside and instead there came into being a collection of petty Arab states where separate vested interests quickly became rooted. Though easy to justify in terms of the international situation prevailing in 1920, this has not served the interests of long-term peace and security to the extent hoped for at the time. The Canadian delegation might therefore make a sound contribution toward the decision on the former Italian colonies if it were to use its influence to strengthen an existing trend toward agreement to create viable states where steady progress toward self-government and independence may actually be fostered in the sense intended by Chapters XI and XII of the United Nations Charter.

28. Policy recommendations regarding the disposal of individual territories will be supplied in a supplementary memorandum, when the Canadian government has received more precise information than is available at time of writing with regard to (a) the proposals which will be supported by states directly concerned in the settlement, and (b) trends in public opinion in the territories concerned.

193.

DEA/50126-40

Note le la direction des Nations Unies
Memorandum by United Nations Division

CONFIDENTIAL

[Ottawa], October 1, 1949

ITALIAN COLONIES

With reference to our telephone conversation this morning, I informed Miss [Elizabeth] MacCallum that Mr. Martin wished to have the balance of material required to complete the policy recommendation in the Commentary note on this subject. I said that Mr. Martin would be in town this week-end.

2. Miss MacCallum stated that we would be unable to complete this part of the Commentary for the following reasons:—

(a) We have been waiting to see what proposals the Great Powers will put forward at the fourth regular session;

(b) At present we have inadequate information regarding the desires and aspirations of the local inhabitants, whose interests we consider paramount;

(c) We can play a more important and effective role in the Assembly discussions on this subject if we concentrate our efforts on trying to effect conciliation between the disputing parties, either through the medium of Mr. Pearson as Chairman of Committee One or in behind-the-scenes conversations with the interested parties.

3. Miss MacCallum thinks that it would be extremely unwise, in the light of our past attitude and of our lack of accurate information, to make a statement at the Assembly simply for the sake of making a speech. Furthermore, the final policy on the Italian Colonies is to be discussed at a meeting on Tuesday, whereafter it will be referred to Cabinet for decision.

G.S. MURRAY

194.

DEA/50228-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 267

Ottawa, November 9, 1949

SECRET

At a meeting yesterday afternoon attended by the Under-Secretary, Mr. Reid, Mr. Riddell, Mr. MacDermot, Mr. MacKay and others, Canadian policy on Libya was discussed.

2. Mr. Riddell expressed some anxiety lest the action of the United Kingdom in proposing amendments to Section A of the Subcommittee's draft proposals for the former Italian colonies should prevent the Assembly from reaching any decision at the present session. He said the Latin American states were preparing to oppose the amendments. If the amendments should be adopted there would be no further difficulty. If they were defeated, however, it was possible that the vote on the Subcommittee's own proposals for Libya might subsequently be split with the result that the required majority would not be obtained. The United Kingdom could then continue as administering power in Cyrenaica and Tripolitania for another year. If this was the intention of the United Kingdom the latter would be assuming a very grave responsibility.

3. It was suggested during the discussion that if the United Kingdom had desired to prevent an Assembly decision from being taken at the present session a simpler course of action might have been to refrain from influencing other delegations to support an Italian trusteeship for Somaliland. This proposal had been defeated last spring and there was no certainty that a two-thirds majority could be persuaded to support it now.

4. It was reported that the Secretary of the Chiefs of Staff Committee had expressed the view that it would be very much against Canada's interests if an

Assembly resolution adopted now should result in a collapse of United Kingdom plans for an alliance with Cyrenaica.

5. After a brief discussion, in which the growing strategic importance of the Middle East was mentioned, it was agreed:

(a) That when the United Kingdom amendments were put to the vote the Canadian delegation should support them.

(b) If the amendments are lost the Canadian delegation might then vote for Section A of the draft resolution as submitted by Subcommittee 17, unless it should be found on enquiry that the draft resolution will be opposed by the United Kingdom and that there are compelling reasons for the position taken by the United Kingdom.

6. I should be grateful if you would keep us informed of developments.

195.

DEA/50126-40

Note de la délégation permanente aux Nations Unies

Memorandum by Permanent Delegation to United Nations

[New York, November 16, 1949]

ITALIAN COLONIES

1. This report covers the period subsequent to the submission of the report (A/C.1/522) of Sub-Committee 17 to the Political Committee. Document A/1089 of 15 November contains the report of the Political Committee to the Assembly on this item.

2. On 11 October, 1949, the First (Political) Committee established a Sub-Committee of twenty-one states to study the various draft resolutions and suggestions which had been submitted to the Political Committee in regard to this item. The Sub-Committee held twenty-nine meetings and eventually reported its recommendations to the main Political Committee on 1 November (A/C.1/522).

3. In that report the principal recommendations of the Sub-Committee were as follows:

(a) With regard to Libya, the Sub-Committee recommended unity and independence by not later than 1 January, 1952. The Sub-Committee also recommended that a National Assembly be summoned in Libya to prepare a constitution and that, to assist in the establishment of an independent government in Libya, a United Nations Commissioner should be appointed by the General Assembly, together with a Council consisting of representatives of Egypt, France, Italy, Pakistan, the United Kingdom, the United States and four representatives of the local population in Libya.

(b) With regard to Italian Somaliland, the Sub-Committee recommended that independence should be granted to this territory at the end of ten years unless the General Assembly decided otherwise. Meanwhile, Italian Somaliland should be

placed under the International Trusteeship System, with Italy as the Administering Authority.

(c) With regard to Eritrea, the Sub-Committee recommended the appointment of a Commission of five states (the composition of this Commission was not decided by the Sub-Committee) to ascertain more fully the wishes and the best means of promoting the welfare of the inhabitants of Eritrea, and to prepare recommendations on the final disposal of Eritrea.

4. When the Sub-Committee's recommendations were reported back to the Political Committee a general debate developed in which nearly every delegation participated. The Soviet Union re-introduced the proposals which they had previously advanced in the Political Committee and which they had also proposed in the Sub-Committee. Their proposals (A/C.1/487/Rev.1) were to the following effect:

(a) Libya should be granted immediate independence.

(b) Eritrea should be granted independence after a period of five years. During this period it should be "administered in accordance with a Trusteeship Agreement by the United Nations Trusteeship Council, which shall appoint an administrator having full executive powers and responsible to the Trusteeship Council".

(c) Italian Somaliland should be granted independence after a period of five years. During that interim period it should also be administered in accordance with a Trusteeship Agreement by the United Nations Trusteeship Council in the same manner as Eritrea.

The Polish delegation also introduced a number of similar proposals (A/C.1/529).

5. In the discussion which followed, the representatives of the Soviet bloc sought every opportunity to develop the propaganda line that the Western democracies wished to retard the attainment of independence by the peoples of the three territories concerned. In consequence, these representatives reiterated their previous familiar charges concerning the alleged exploitation of the peoples of these three territories by the "colonial powers".

6. The Western democracies replied by endorsing very substantially the recommendations of the Sub-Committee. It was pointed out by a number of representatives that the transition from dependant status to self-government could not be achieved over-night, and that an interim period was obviously necessary for practical reasons. Regret was expressed regarding the postponement of a decision on Eritrea, but the majority of representatives emphasized that, in view of the conflicting accounts of the wishes of the local inhabitants which had been presented to the Political Committee, it was essential to obtain further information as to their true wishes.

7. The United Kingdom representative, Mr. McNeil, spoke generally in support of the recommendations of the Sub-Committee, but introduced a number of amendments (A/C.1/526) which, in his judgment, gave more flexibility to the people of the three territories of Libya (namely, Cyrenaica, Tripolitania and the Fezzan) to decide among themselves whether their form of union should be in the nature of a federal state or of a unitary state. The United Kingdom delegation, however, did not strongly press their amendments, and agreed to a small verbal change in para-

graph 1 of the Sub-Committee's recommendations on Libya which, in substance, merely deleted the word "single" in this paragraph. The paragraph, as finally approved by a large majority in the Political Committee, including the United Kingdom, reads as follows: "That Libya, comprising Cyrenaica, Tripolitania and the Fezzan, shall be constituted an independent and sovereign state." In regard to the provisions concerning the appointment of a United Nations Commissioner and Council for Libya, the United Kingdom abstained from voting. In regard to the other provisions on Libya (and concerning the recommendations on Libya as a whole) the United Kingdom voted in favour. They also supported the Sub-Committee's recommendations in regard to Eritrea and Italian Somaliland.

8. The United States representative, Dr. Jessup, spoke in favour of the recommendations of the Sub-Committee, while reserving his position to advance the proposals previously introduced by the United States in the event that the Sub-Committee's recommendations did not secure the required two-thirds majority.

9. The Italian representative (who had been invited to attend the meetings of the Political Committee on this item) said that Italy, if granted the Administering Authority in the former Italian Somaliland, would discharge its functions in a manner which would not threaten the security of Ethiopia or any other state. This assurance obviously did not satisfy the representative of Ethiopia who constantly emphasized his delegation's view that to grant Italian Trusteeship in Somaliland, while postponing a decision on Eritrea, would be to jeopardize the security of Ethiopia. In regard to this particular question, the representatives of the Arab bloc indicated that their acceptance of Italian Trusteeship for Italian Somaliland was conditional upon safeguards being incorporated into the resolution which would prevent Italy from using its administrative position in Somaliland for aggressive purposes. For this reason the Arab states, together with some of the Latin-American states, advanced a proposal for the establishment of an Advisory Council of three states concerning Italian Somaliland, which would "aid and advise" the Administering Authority. On this point the Political Committee adopted a joint proposal of Argentina and Lebanon to establish an Advisory Council consisting of representatives from Colombia, Egypt and the Philippines for this purpose. The vote on this proposal was 48 in favour (including Canada), 1 against and 10 abstentions.

10. After adoption of this proposal regarding the Advisory Council for Italian Somaliland, the Political Committee adopted, by a vote of 48 in favour (including Canada), 7 against (including the Soviet Bloc), and 4 abstentions, the proposal that Italy should become the Administering Authority for this territory. The remaining paragraphs regarding Italian Somaliland were adopted by large majorities. The Political Committee did, however, adopt a Philippine proposal which deleted the provision regarding the independence of Italian Somaliland being reviewed after ten years by the General Assembly. As it now stands the resolution calls for outright independence for the territory after a period of ten years. Canada voted against the deletion proposed by the Philippines, which was, however, adopted by a vote of 33 in favour, 22 against and 4 abstentions. The Political Committee also adopted, by a large majority, a provision in the resolution to the effect that, in exercising its administrative authority, Italy should be "guided by" the annexed draft constitution prepared by the delegation of India† (see document A/1089, page 27).

The Political Committee also adopted a joint proposal of Argentina, Chile and Mexico concerning the transfer of provisional administration in Italian Somaliland from the United Kingdom to Italy. This proposal, which constitutes the present paragraphs 8 and 9 of this section of the resolution (A/1089, page 24) was adopted by a vote of 38 in favour (including Canada), 8 against and 10 abstentions. The whole section of the resolution dealing with Italian Somaliland, as amended, (see A/1089, pages 23 and 24) was then adopted on 12 November by a vote of 47 in favour (including Canada, the United States and the United Kingdom), 7 against (including the Soviet bloc) and 4 abstentions.

11. In regard to Libya, once the United Kingdom amendments had been withdrawn, the various paragraphs of the Sub-Committee's proposals concerning this territory were adopted by large majorities. In the vote on this section as a whole, the Political Committee decided by 50 in favour (including Canada, the United States and the United Kingdom), none against and 8 abstentions to accept the Sub-Committee's recommendations, as amended (A/1089, pages 22 and 23).

12. In so far as Eritrea was concerned, the main discussion centered around the composition of the Commission of enquiry referred to in paragraph 1. Finally, by a vote of 40 in favour (including Canada), 6 against (including the Soviet bloc) and 9 abstentions, it was agreed to have such a Commission, consisting of representatives from Burma, Guatemala, Norway, Pakistan and the Union of South Africa. Canada had been originally proposed as a member of this Commission, but the Canadian delegation withdrew when we learned that South Africa and Australia were both very anxious to serve on it. After our withdrawal, the representative of Turkey then nominated South Africa. So far as the other four states were concerned, the only one which caused any discussion was Pakistan. In regard to this, the Ethiopian representative stated his misgivings about having a Moslem state represented on the Commission. The representative of Pakistan, however, gave an assurance that their delegate on the Commission would act in an impartial and objective manner.

13. After adoption of this paragraph regarding the Commission, the remaining paragraphs concerning Eritrea were adopted by large majorities. On 12 November the whole section on Eritrea (A/1089, pages 24 and 25) was adopted by a vote of 47 in favour (including Canada, the United States and the United Kingdom), 5 against (the Soviet bloc) and 6 abstentions.

14. By a vote of 28 in favour, 25 against (including Canada) and 4 abstentions, the Political Committee decided to submit to the General Assembly one resolution on the substance of this item instead of three resolutions dealing separately with each territory. The Canadian representative voted with the minority in the view that it might be preferable to have separate resolutions on each territory in order to secure the maximum degree of support for each resolution. After deciding to have one single resolution, the Political Committee adopted draft provisions concerning administrative arrangements (A/1089, page 25), by a large majority, and then adopted the draft resolution on the whole substance of this question by a vote of 49 in favour (including Canada, the United States and the United Kingdom), 1 against (Ethiopia) and 8 abstentions (the Soviet bloc, New Zealand, Sweden and Yugosla-

via). The New Zealand representative abstained in view of his delegation's opposition to Italian Trusteeship in Somaliland. The Soviet bloc abstained on the whole resolution although they had voted against the sections dealing with Italian Somaliland and Eritrea. The Soviet and Polish representatives also reserved the right to submit their proposals again during the discussions in the plenary sessions.

15. The Political Committee then adopted, by a vote of 46 in favour (including Canada), 4 against and 4 abstentions, the second draft resolution submitted by the Sub-Committee (A/1089, page 28), which was to the effect that a Committee, consisting of the President of the Assembly, two of the Vice-Presidents (the representatives of Brazil and Pakistan), the Chairman of the First Committee, and the Chairman of the Ad Hoc Political Committee, should nominate a candidate for the post of United Nations Commissioner in Libya, and that if they could not agree on a single candidate, they should nominate three candidates.

16. Finally, the Political Committee approved a joint Argentine-Turkish proposal to have the Interim Committee of the Assembly study the delimitation of any boundaries in the three territories which had not already been fixed by international agreement. This proposal (A/1089, page 28), which was strongly opposed by the Soviet bloc, was adopted by a vote of 23 in favour (including Canada), 10 against and 23 abstentions.

Canadian Position

17. The Canadian position on this subject was set forth in the statement of our representative in the Political Committee (Mr. Martin) on 8 November (statement attached).† In general, the Canadian representative emphasized the necessity for a solution of this problem which would meet the wishes and welfare of the inhabitants concerned. He also referred to the necessity for a disposition of the former Italian colonies which would "contribute to the long-term requirements of peace and security" as "instability in the central Mediterranean would constitute a menace both to European and to world security". On the basis of these two principles, the Canadian representative supported the recommendations of the Sub-Committee, together with the United Kingdom amendments concerning Libya (which were later withdrawn). The Canadian representative concluded his remarks by emphasizing the fact that the Sub-Committee's recommendations were essentially a compromise and that "a spirit of compromise is absolutely essential if the General Assembly is to achieve the purposes for which it was established".

196.

DEA/50126-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 358

New York, November 22, 1949

CONFIDENTIAL

Italian Colonies.

At its meeting on the afternoon of 21 November the General Assembly disposed of this item by taking the following decisions:

(a) The Assembly rejected by successive votes on each paragraph a series of Polish amendments to the main resolution adopted by the Political Committee. These amendments were similar to the ones previously submitted by Poland in the Political Committee and rejected there.

(b) By a vote of 49 in favour, one against and 9 abstentions the Assembly adopted the preamble of the Political Committee's main resolution and section (a), dealing with Libya.

(c) By a vote of 48 in favour, 7 against and 3 abstentions the Assembly adopted section (b) of the resolution, dealing with Italian Somaliland.

(d) By a vote of 47 in favour, 5 against and 6 abstentions the Assembly adopted section (c) of the resolution, dealing with Eritrea.

(e) The Assembly then adopted section (d) of the main resolution (concerning administrative and budgetary arrangements) by a vote of 44 in favour, 5 against and 4 abstentions; and then adopted the whole resolution by a vote of 48 in favour, one against (Ethiopia) and 9 abstentions (the Soviet bloc, France, New Zealand, Sweden and Yugoslavia). In addition to abstaining on the resolution as a whole, France also abstained on the section dealing with Libya. (In the Political Committee France had supported all sections of the resolution as well as the resolution as a whole). Apparently the switch in the French vote in the plenary session was due to increased misgivings felt by the French Government in regard to Libya becoming self-governing by the beginning of 1952. The only other switch in vote in the plenary session (as against the vote in the Political Committee) was in regard to Pakistan's vote concerning Italian Somaliland. Pakistan voted for this section of the resolution in the plenary after abstaining in the Committee.

(f) After adoption of the main resolution the Assembly adopted the second resolution recommended by the Political Committee (to appoint a Committee of high officers of the Assembly for the purpose of nominating a candidate for the position of United Nations Commissioner in Libya). The vote on this resolution was 48 in favour, five against (the Soviet bloc) and three abstentions.

(g) The Assembly then adopted the third resolution recommended by the Political Committee in regard to the question of the Interim Committee studying the delimitation of boundaries in the former Italian Colonies (see my teletype No.

312).† The Assembly adopted the resolution submitted by the Political Committee, with the same text as given in teletype No. 312 by a vote of 32 in favour, 13 against and six abstentions.

2. Canada voted in favour of all three resolutions and in favour of the various portions of the main resolution. The Soviet bloc abstained on the section dealing with Libya and on the resolution as a whole, and voted against the sections dealing with Italian Somaliland and Eritrea. New Zealand abstained on the sections dealing with Libya and Italian Somaliland, and on the resolution as a whole. The United Kingdom and United States voted in favour of all sections of the resolution and, of course, on the resolution as a whole. On the main resolution Yugoslavia voted in the same manner as the Soviet bloc throughout. Sweden abstained on all three sections and on the resolution as a whole.

3. In addition to the resolutions submitted by the majority of the Political Committee, the Soviet delegation had also resubmitted to the plenary session the same draft resolution which had been defeated paragraph by paragraph in the Committee. After adoption in plenary session of the resolutions referred to above the United Kingdom delegate, McNeil, said that, under Rule 83, the Assembly should not proceed to vote on the Soviet proposal. This was immediately put to the vote by the President and the Assembly decided by a vote of 17 to 16 with 18 abstentions not to vote on the Soviet resolution. Canada voted with the United Kingdom against having a vote on the Soviet resolution. The United States voted in favour of having such a vote. This decision of the Assembly is interesting in that it is believed to be the first time that the Assembly has ever decided under Rule 83 not to take a vote on a minority resolution after a majority resolution on the same subject has been adopted in plenary session.

SUBDIVISION VIII/SUBSECTION VIII

PERSÉCUTION RELIGIEUSE
RELIGIOUS PERSECUTION

197.

DEA/50164-A-40

Note de la direction d'Europe
Memorandum by European Division

SECRET

[Ottawa], September 15, 1949

THE QUESTION OF RELIGIOUS PERSECUTION BEFORE THE UNITED NATIONS⁵⁴*Historical Background*

The outbreak of religious persecution in Eastern Europe in recent months involving leaders of both Protestant and Roman Catholic churches has evoked violent protests, official and non-official, from all parts of the non-Communist world. The actions of the satellite Governments bear one interpretation only. It is that the aim of Communist policy in Eastern Europe is the complete subordination of all church organizations to its will and the suppression of individual liberty, wherever its existence means the existence of opposition to the Communist faith. This is in keeping with the trend of Communist policy throughout the satellite area.

2. Canada, Australia and New Zealand were formally associated with the United Kingdom notes of April 2, 1949, to Hungary and Roumania. These notes listed typical violations by the three governments of the human rights articles of the Peace Treaties, including violations of the clauses guaranteeing freedom of religion, and called upon the governments to adopt prompt remedial measures in respect of these violations. Canada was associated with similar United States notes to Hungary and Roumania and was informally associated with both the United States and United Kingdom notes to Bulgaria.

3. This question first came before the United Nations at the second part of the third regular session of the General Assembly at the request of both the Australian and Bolivian delegations. The General Assembly decided to include in its agenda a combined item as follows:

"Having regard to the provisions of the Charter and of the Peace Treaties, the question of the observance in Bulgaria and Hungary of human rights and fundamental freedoms, including questions of religious and civil liberties, with special references to recent trials of Church leaders."

This item was included in the agenda despite the opposition of the U.S.S.R. and the satellite countries. Hungary and Bulgaria, in telegrams to the Secretary-General, and the delegates to the General Assembly from the Eastern European member

⁵⁴ Ce commentaire, préparé pour la délégation canadienne à la quatrième session de l'Assemblée générale, contenait des révisions de la part d'Escott Reid. This commentary, prepared for the Canadian delegation to the fourth session of the General Assembly, incorporated revisions by Escott Reid.

states stated that the only correct procedure for settling disputes relating to the application of the Peace Treaties was provided by the Peace Treaties themselves and that those who accused Hungary and Bulgaria of violations of the Treaties should have resorted to the procedure set forth in the Treaties. According to the summary record of the General Committee on April 7, 1949, Mr. Katz-Suchy, the delegate of Poland asserted that: "If certain Governments thought that Hungary had violated its obligations under the terms of the Peace Treaty, where Human rights and fundamental freedoms were concerned, the only way to settle that dispute would be in the terms of Article 39, paragraph 1, of the Treaty of Peace, to refer it to the Heads of the Diplomatic Missions in Budapest who, acting in concert, will represent the Allied and Associated Powers in dealing with the Hungarian Government in all matters concerning the execution and interpretation of the present Treaty". (A/BUR/SR. 58, April 7, 1949, p. 9) It would be reasonable to infer from this that in the opinion of the Polish delegate a dispute now exists.

4. After some discussion the General Assembly on April 30, adopted a resolution on the matter. In the operative part of the resolution the General Assembly:

(1) Expressed its deep concern at the grave accusations made against Hungary and Bulgaria;

(2) Noted with satisfaction the steps taken by the several states, signatories of the Peace Treaties, regarding the accusations and expressed the hope that measures would be diligently applied in accordance with the treaties to insure respect for human rights;

(3) Urgently drew the attention of Hungary and Bulgaria to their obligations under the Peace Treaties, including the obligation to co-operate in the settlement of all these questions;

(4) Decided to retain the question on the agenda for its fourth session.

5. Each of the Peace Treaties with Hungary, Roumania and Bulgaria provides that any dispute concerning the interpretation or execution of the Treaty which is not settled by direct diplomatic negotiation shall be referred to the Heads of Mission of the U.S.S.R., the United Kingdom and the United States in the respective countries. If the dispute is not resolved by them within a period of two months it is then to be referred, at the request of either party to the dispute, to a commission composed of one representative of each party and a third member selected by mutual agreement of the two parties from nationals of a third country. If the two parties fail to agree within a period of one month upon the appointment of a third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

6. Five of the powers signatory to the Treaty with Hungary and Roumania (United Kingdom, Canada, Australia, New Zealand, United States) and four of the powers signatory to the treaty with Bulgaria (United Kingdom, Australia, New Zealand, United States, Canada not being a signatory), by notes of May 31 initiated steps under the above-mentioned articles of the Peace Treaties. The three Governments were informed that a dispute had arisen over the execution of the human rights provisions of the Peace Treaty and that these disputes were being referred to

the United Kingdom, United States and Soviet Heads of Mission in each of the capitals.

7. The guarantees of the observance of human rights and fundamental freedoms are contained in Article 2 of the Treaty with Hungary, Article 3 of the Treaty with Roumania and Article 2 of the Treaty with Bulgaria. By these articles the three countries undertake to secure to all persons the enjoyment of human rights and the fundamental freedoms, including "freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting". There is an additional subsection in the Hungarian and Roumanian Treaties under which these countries undertake that their laws shall not discriminate between persons of Hungarian (Roumanian) nationality on the grounds of their race, sex, language or religion.

8. The notes to the Heads of Mission recited the history of the dispute and asked that each dispute be considered by the United Kingdom, United States and the U.S.S.R. Heads of Mission in each capital. The United States simultaneously took parallel action with regard to the three countries.

9. The Soviet Government, in notes replying to the United Kingdom and United States, asserted that the three ex-enemy countries had fulfilled their obligations under the Treaties. The U.S.S.R. stated that the charges of violations of human rights and the steps taken under the Peace Treaties were an unwarranted interference in the internal affairs of these countries. The U.S.S.R. saw no cause for summoning a conference of the Three Heads of Missions. This was refuted by both the United Kingdom and the United States, in notes of June 30 to the U.S.S.R. The two Governments pointed out that the refusal of the U.S.S.R. to co-operate in putting the Peace Treaty procedure into practice was in marked contradiction to the regard for the Peace Treaties frequently expressed by the Soviet Government. Further notes from the U.S.S.R. and from Bulgaria made it clear, however, that neither the U.S.S.R. nor any of the three countries would co-operate in a settlement of the dispute. All asserted that no dispute existed.

10. As the three Heads of Mission had not met to discuss the disputes during the two months' period provided for by the Peace Treaties, the United Kingdom and United States on August 1 sent further notes to each of the three Governments asking each that it join in appointing a commission to which the dispute would be referred. Canada, Australia, and New Zealand were associated with the United Kingdom notes to Hungary and Roumania.

Current Developments

11. The three Governments refuse to co-operate in the appointment of a Commission. Hungary, Roumania and Bulgaria have rejected the United Kingdom note of August 1 as an interference in their internal affairs and have denied that a dispute has arisen concerning the interpretation of the Treaty. Although the Western Governments have not appointed commissioners, they will, of course, be ready to do so if and when the three countries agree to discuss the creation of commissions.

12. The question of violations of human rights in Hungary and Bulgaria remains on the agenda of the Assembly. The Government of Australia has requested that the

observance of human rights and fundamental freedoms in Roumania also be considered at the fourth regular session of the General Assembly.

Previous Canadian Attitude

13. In recent months, the Government of Canada has on a number of occasions expressed grave concern about the violations of human rights in Eastern Europe. On February 2, 1949, the Secretary of State for External Affairs made public the text of a note to which there was no reply to the Hungarian Government in which the Canadian Government protested against "a policy which...appears designed to destroy religious freedom in Hungary". On February 22, 1949, the Prime Minister, in a statement to the House of Commons, condemned the systematic campaign of religious persecution in Eastern Europe.

14. Canada was also associated with both the United Kingdom and United States notes of April 2. When the observance of fundamental freedoms in Hungary and Bulgaria was discussed at the second part of the third session of the General Assembly, Canada, along with the majority, supported its inclusion on the agenda of the second part of the third session of the General Assembly and on April 20, the Canadian representative in the Ad Hoc Political Committee stated that recent events in Hungary and Bulgaria indicated a deliberate policy of religious persecution. Canada supported the resolution adopted by the Assembly on April 30.

Policy Recommendation

15. As Canada is a signatory of the Peace Treaty with Roumania and has been associated with the notes of protest to Roumania, the Canadian delegation should support the Australian proposal to include Roumania in the General Assembly's consideration during its fourth session of violation of human rights and fundamental freedoms in Eastern Europe. It is probable that the delegates from Eastern Europe will oppose the inclusion of this item in the Assembly's agenda.

16. It will be necessary to report to the Assembly that the three satellite countries and the U.S.S.R. have not co-operated with the Allied Governments in their attempt to use the machinery provided under the Peace Treaty for the settlement of disputes. The U.S.S.R. and the satellite countries deny that any dispute concerning the interpretation of the Treaty exists. Their attitude is in direct contradiction to that part of the General Assembly resolution of April 30 which drew the attention of the Governments of Bulgaria and Hungary to their obligations under the Peace Treaties, including the obligation to co-operate in the settlement of all disputes concerning the interpretation of the Treaty. It can be pointed out that, during the discussion at the second part of the third session of the General Assembly, the Eastern European delegates stated that the Peace Treaty provided the only correct and legal procedure for the settlement of disputes and that the Polish delegate indicated that a dispute does exist. It would seem wise at this session of the Assembly to concentrate on the procedural aspect of the question, that is on the failure of the three satellite states to agree to commissions. The Canadian delegation could therefore support a General Assembly resolution requesting the International Court for an opinion on the following questions:

- (1) Whether or not a dispute exists;

(2) Whether or not the U.S.S.R., by stating that there was no cause for summoning a conference of Heads of Missions, and Hungary, Roumania and Bulgaria by refusing to nominate commissioners, have failed to carry out the provisions of the Peace Treaties relating to the settlement of disputes (Article 38 of the Treaty with Roumania, 40 of the Treaty with Hungary and 36 of the Treaty with Bulgaria);

(3) And whether the Secretary-General can appoint a member of the Commission even though the satellite countries have failed to do so, such a commission of two being regarded as competent to render a definitive decision on the dispute.

17. (The Legal Division of the Department of External Affairs is of the opinion that the Court would probably hold that a two-man commission would not be competent. Such a decision by the Court would mean that remedies available in the Peace Treaties had been exhausted.)

18. Although Canada, because it is not a signatory of the Bulgarian Treaty, has not been able to associate itself with action taken in recent months against the Bulgarian Government, there is no reason why the Canadian delegation should not take part in the General Assembly consideration of whether or not Bulgaria is acting in accordance with the terms of the Treaty.

19. There may be pressure in the Assembly for a resolution condemning religious persecution in Czechoslovakia and perhaps Poland. These states, unlike Bulgaria, Roumania and Hungary, are not bound by human rights provisions in peace treaties. They are bound merely by the Charter provisions on human rights and fundamental freedoms. The Charter, however, also contains the domestic jurisdiction clause and it can therefore be agreed that the Assembly is not competent to pass a resolution condemning religious persecution in Poland and Czechoslovakia. Care should therefore be taken to avoid irresponsible or impracticable action which would do no more than create dangerous precedents for undue interference by the United Nations in matters essentially within the domestic jurisdiction of states.

198.

DEA/50164-A-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 100

New York, October 14, 1949

Observance of human rights in Bulgaria, Hungary and Roumania.

1. The ad hoc Political Committee began the consideration of this item on October 4th. The United States delegation, at the first meeting of the Committee, introduced a draft resolution under which the Assembly was asked to affirm its continuing interest and deep concern in the question of the observance of human rights in these countries. The Assembly was also asked to submit to the International Court of Justice the following legal questions on the applicability and functioning of the machinery provided for the Peace Treaties with these countries:

(a) Whether or not a dispute exists under the Peace Treaties;

(b) Whether Bulgaria, Hungary and Roumania are obligated to appoint representatives to the Commissions provided for under the Treaties;

(c) In the event that they fail to do so, whether the Secretary-General could appoint a member of the Commissions, and

(d) Whether the resulting two-man Commission would be competent to deal with the dispute.

2. At the suggestion of the United States delegation, the Canadian delegation agreed to act as co-sponsor of this resolution. We decided to do so in view of the active part taken by Canada in denouncing the violation of human rights and religious persecution that has taken place in these countries. Moreover, the resolution had the merit of convicting these countries of having violated their Treaty obligations in refusing to co-operate in using the settlement machinery provided for in the Treaties themselves. This course of action does not preclude the Assembly from taking, at a later stage, any further steps which might be considered advisable. Bolivia also agreed to be a co-sponsor of the resolution.

3. Mr. Paul Martin made a brief statement on the resolution on October 4th. He reviewed the steps already taken by Canada through diplomatic channels to stress its abhorrence of the policy of repression and persecution followed by these countries. He emphasized the fact that a fundamental disagreement now exists regarding the interpretation of the Treaties and urged that this matter be now referred to the International Court of Justice for an advisory opinion.

4. Two amendments only to this resolution were submitted to this Committee:

1) An Australian amendment which would set up an ad hoc Committee to be convened immediately by the Secretary-General, should either of the two first questions submitted to the Court (see first paragraph above) be answered in the negative or if answered in the affirmative, if the three countries have not appointed national representatives to the respective Treaty Commissions, thirty days after the Court had given its opinion.

Mr. Martin made a short statement on October 13th on the Australian amendment in which he explained that the Canadian delegation would abstain from voting. First of all, the Canadian delegation was anxious not to confuse the issue by introducing at a premature stage, an alternative procedure calling for action by the Assembly. He also stressed the importance, before resorting to any other procedure, of exhausting all the legal recourses provided for in the Treaties themselves.

2) Brazil, the Lebanon and the Netherlands introduced the other amendment adding to the preamble of the resolution a reference to Article 55 of the Charter and expressing an increased concern at the accusation made against the three aforementioned countries. The amendment emphasized that this concern was justified by the refusal of these countries to cooperate in the Assembly's efforts to have the charges made against Bulgaria, Hungary and Roumania examined.

We took the view that there was no objection to including reference to Article 55 of the Charter in this resolution. Accusations of violation of Treaty obligations and human rights were involved and therefore the domestic jurisdiction clause of the Charter could be given a restrictive interpretation.

5. The vote taken this morning is as follows:

1) Joint resolution sponsored by the United States, Canada and Bolivia: for, 41; against, 5; abstentions, 9.

2) The Australian amendment was rejected by 29 votes against, 5 in favour and 22 abstentions.

3) Lebanon, Brazil and Netherlands amendment: for, 20; against, 7; abstentions 25.⁵⁵

SUBDIVISION IX/SUBSECTION IX

TRAITEMENT ACCORDÉ AUX INDIENS EN AFRIQUE DU SUD
TREATMENT OF INDIANS IN SOUTH AFRICA

199.

DEA/5600-40

*Note de la direction du Commonwealth
au sous-secrétaire adjoint d'État aux Affaires extérieures*

*Memorandum from Commonwealth Division
to Deputy Under-Secretary of State for External Affairs*

SECRET

[Ottawa], March 23, 1949

SOUTH AFRICA AND THE UNITED NATIONS: CANADIAN POLICY

1. In your memorandum of February 3 you suggested that a thorough study should be prepared on what Canadian national interests are served by Canada giving even passive support to South Africa at the United Nations in the debates and votes on South West Africa and the Treatment of Indians in South Africa. You suggested further a re-examination of the Canadian position in the light of the primary objective of present Canadian policy—"the creation of an overwhelming preponderance of military, economic and moral force over the Soviet Union."

1(a) South Africa is, admittedly, a handicap to the western world in the struggle of moral supremacy over Communism. It might be a political liability if the native peoples of Central and South Africa were politically conscious, but, fortunately perhaps, they are probably less politically conscious than they were when tribal organization was still intact. The dispute between India and South Africa is also a source of embarrassment to Commonwealth countries and may serve to weaken the link between India and the West, but the Governments of South Africa and India are at least on some common ground in their opposition to Communism.

1(b) Should the "cold war" turn to a "shooting war", it would be imperative to have South Africa as an ally since there are no alternative areas for bases on the Cape route, which would likely become of first importance in any war involving

⁵⁵ La résolution, parrainée conjointement par les États-Unis, le Canada et la Bolivie, fut adoptée par l'Assemblée générale des Nations Unies, le 22 octobre 1949.

The resolution, co-sponsored by the United States, Canada and Bolivia, was adopted by the U.N. General Assembly on October 22, 1949.

the Mediterranean theatre. It seems very uncertain whether the Mediterranean route could be kept open in the event of a general conflict; in which case the facilities of the South African ports would be vital. A neutral South Africa in such an event would be even more of a handicap than a neutral Ireland. It would thus seem imperative to retain South Africa as an active member of the western world.

1(c) There would appear to be no possibility at the present time of inducing South Africa by external pressure to adopt more liberal policies with respect to the native or Indian peoples, and there would appear to be little doubt that the reluctance of the Smuts Government to adopt more repressive measures against Indians and natives was a major factor in its defeat last spring. In the present temper of South Africa no Government with liberal views on native or Indian questions could hope to survive. Under the conditions external pressure might well drive South Africa into a policy of isolationism, which might involve any or all of: withdrawal from the United Nations, withdrawal from the Commonwealth, and a declared policy of neutrality in any future war.

1(d) It is felt that under these circumstances there should be no major change in Canadian policy in the United Nations Assembly with respect to either the status of Indians or the future of South West Africa.

2. A summary of the course of these issues since the First Assembly, including an account of Canadian policy, follows:

3. The two issues have both been on the Agenda for the first three Sessions of the General Assembly. The question whether South West Africa should be placed under the trusteeship system has been dealt with on three occasions with South Africa being urged or requested each time to submit a draft trusteeship agreement. The question of the treatment of the Indians was dealt with at the first two Sessions and is on the Agenda for the adjourned Third Session which re-opens in New York on April 5. Both issues are hardy perennials for which no solution is in sight, and India may be expected to continue to drag South Africa before the international forum on them.

Treatment of Indians in South Africa

4. On this question at the first two Sessions, we took a cautious attitude and supported the proposal of South Africa, which was not adopted, to have the preliminary question of jurisdiction submitted to the International Court for an advisory opinion. At the Second Session the Canadian Delegate stated that Canada's principal concern was to see a friendly settlement of the dispute between the two parties. He said that the Assembly Resolution should not contain a judgment against either party since the facts and the law in dispute had not been established by an impartial tribunal. As a result, Canada could not support the Indian Resolution which contained such a judgment against South Africa. It did, however, support another Resolution which expressed the wish that "the parties should continue their efforts with a view to reaching an agreement directly settling their dispute, and that, should they fail to reach such an agreement, they should submit the dispute to the International Court". At the Second Session no Resolution obtained a two-thirds majority and, therefore, no action was taken.

5. As the Canadian representatives have consistently stated, when this question has been under consideration, it involves an important legal point, namely whether it can be legitimately contended that the treatment of Indians is a matter which comes "essentially within the domestic jurisdiction" of South Africa. Somewhere between eighty-five and ninety per cent of the Indians in South Africa were born there and, therefore, are South African nationals. Only the small balance could be regarded as Indian nationals and therefore a ground for Indian intervention through an international body to protect the rights of her citizens. As opposed to this argument, however, it must be recognized as stated in Article 1 of the Charter that one of the purposes of the United Nations is to promote and encourage respect for human rights and for fundamental freedoms. More recently the Assembly has adopted a Universal Declaration of Human Rights. Furthermore, Article 10 of the Charter states that the General Assembly can discuss any question within the scope of the Charter and Article 14 provides that "the General Assembly may recommend measures for the peaceful adjustment of any situation, regardless of origin, which it deems likely to impair the general welfare or friendly relations among nations, including situations resulting from a violation of the provisions of the present Charter, setting forth the Purposes and the Principles of the United Nations." Until this legal question of the nature and extent of domestic jurisdiction, in relation to other provisions of the Charter, is determined, I think we should hesitate before joining in any forthright condemnation of South Africa. It would be difficult to improve on the statement of Mr. St. Laurent made on November 25, 1946 advocating that the mixed questions of fact and law involved in India's complaints against South Africa should be submitted to the International Court.

6. Apart from this legal question, it is very difficult to see any genuine solution to the Indian problem in South Africa. All governments in South Africa have pursued a policy of white supremacy. The facts of racial discrimination and the existence of the colour bar in its many forms cannot be denied. Some governments have been more prepared than others to make concessions to non-European elements but no South African Government is prepared to go the whole length of advocating and practising complete racial equality, which presumably would be the only complete solution of the problem. The most disturbing thing is that the Malan Government is so clearly moving in what can only be regarded as the wrong direction, namely the intensification of segregation and discrimination of many kinds. To advocate racial equality in South Africa at the present time is, of course, to invite political suicide. The social and economic consequence would, of course, be very great of any sudden change to equality among all population groups.

7. The Malan Government advocates "repatriation" as the final solution of the Indian question. This appears to us to be a fantastically unrealistic policy. India clearly would not be prepared to take back the Indians. They now number some 285,000 and have a very high birth rate. Anything in the nature of voluntary repatriation, or at least expatriation from South Africa is out of the question. The Indian community in South Africa has made such social and economic advances that it quite clearly has no desire to go elsewhere.

8. Up to the present time the Indian problem in South Africa has at the United Nations been considered only in terms of the discrimination and restrictions prac-

tised against it by the white population of South Africa. The race riots in Durban last January between the Indians and African natives has, however, reminded us that there is some clash of interests between these two groups. There seems to be little doubt that the Africans are exploited by Indian traders and landlords. It might be well to give consideration to the long-term interests of the Africans themselves in this question. It is, I think, arguable that the African natives would be even worse off than they are now if the Indians were the dominant element in South Africa. The African grievances against the Indians are evident at many points on the east coast of Africa, notably in Kenya.

9. The existence of this dispute between two members of the Commonwealth is, of course, a source of embarrassment and difficulty to all Commonwealth countries. It is to be hoped that we will not be called upon to make a choice between keeping one or other of them in the Commonwealth, on the basis of the party which we support in this dispute. The governments of both countries at present are uncertain as to the value of continuing the Commonwealth connection. It seems clear that the South African Government, if it had a sufficient majority would move for the creation of a separate republic, probably on authoritarian lines. The Government of India, while it apparently wants to retain some loose form of association with the Commonwealth, is also endeavouring to pursue a policy of neutrality between the Western Group and the Soviet Bloc. In any event, we may well find that before very long both countries have removed themselves from the Commonwealth group, quite regardless of the policy we support in the present dispute.

10. It is not thought that there should be any fundamental alteration in the attitude we have so far taken on this question. At the request of the United Nations Division we have made some revisions in the Commentary prepared last September. It is suggested that some paragraphs, along the lines of the attached, should be added bringing the story up to date, but it is not proposed to suggest any changes in the final paragraphs in which consideration is given to the Canadian attitude at the forthcoming meetings of the General Assembly.

11. I think we should continue to advocate that the question of jurisdiction should be submitted to the International Court. At the same time we should, I think, avoid in any way any suggestion that we condone or approve the racial policies of the South African Government, particularly of the Malan Government which is so clearly moving in the wrong direction in terms of present world trends in human relations. Possibly the concluding paragraphs of the Commentary should be strengthened by pointing out that, in view of our adherence to the Universal Declaration of Human Rights, etc., our representatives should in no way appear to be justifying or excusing the discriminatory practices of the Europeans in South Africa.

12. It is not thought that Canadian intervention in this question could be helpful. It would seem both useless and harmful to approach the present Government of South Africa with a view to having it modify its policy towards the Indians. Both our High Commissioner in South Africa and our Permanent Delegate in New York have recently stated that they do not think that any approach on our part would serve a useful purpose. General McNaughton has observed that such an approach

might be favourably considered only if *both* governments were to invite other Commonwealth Governments to intervene, a situation which seems most unlikely to arise. Possibly there is some hope that in due course the two countries will negotiate directly with a view to reaching some workable understanding. It is hard to conceive, however, that this would be any fundamental solution of the problem. In fact, in some ways the problem becomes more intractable as the Indian community in South Africa advances further educationally and economically.

South West Africa and the Trusteeship System

13. At three Sessions of the General Assembly resolutions have been adopted requesting and urging South Africa to place the territory of South West Africa under the trusteeship system provided for in the Charter. Canada associated itself with the first invitation extended to the Union Government in 1946 but it voted against the second invitation in 1947 because it seemed to imply that South Africa had refused to fulfil a definite obligation and because the imposition of a time limit for submitting a draft trusteeship agreement would do nothing to help change public opinion in South Africa. At the Third Session of the Assembly the Canadian Delegation abstained from voting as it did not appear logical to support a Resolution maintaining the recommendation of the previous year which the Canadian Delegation had voted against at that time.

14. Canada has taken the position that the provisions of the Charter did not in its opinion necessarily imply a legal obligation for South Africa to submit a draft trusteeship agreement for South West Africa. At the same time we have expressed the hope that such a trusteeship agreement would be proposed as it was clearly contemplated that territories formerly administered under the League Mandate system should be brought under the trusteeship system. At the Second Session the Canadian Delegate expressed regret that the South African Government had not seen fit yet to accept the invitation of the United Nations, and expressed the hope that South Africa might reverse its previous decision. Our representatives took no part in the debate at the Third Session.

15. It would appear that South Africa has a strong legal argument in her refusal to put South West Africa under the trusteeship system. She holds South West Africa as a C-class Mandate under the League Covenant which gives her the right to administer it "as an integral part" of the Union. While there may be some argument where the sovereignty over South West Africa devolved with the demise of the League, it still seems that South Africa is under no obligation under the terms of the Charter to place South West Africa under trusteeship. I think we might well continue to support any move to have this matter referred to the International Court for an advisory opinion.

16. At the same time I think it is quite evident that South Africa has a moral obligation to make use of the trusteeship system. It seems to have been the intention when the Charter was drawn up to have all mandated territories brought under the new trusteeship system. Furthermore the General Assembly on three occasions has made a definite request to South Africa, with which it has refused to comply.

17. On South Africa's side it must be admitted that there is the special factor that South West Africa is contiguous territory to South Africa itself, and that South Africa has vital strategic interests in retaining control of it.

18. The present South African Government is taking a defiant attitude, calculated to destroy whatever sympathy exists for its case elsewhere. Legislation has been passed quite recently providing for the representation of South West Africa by six members in the House of Assembly and four Senators. The South African authorities claim that this is a case of "integration" and not "incorporation", though it is difficult to see the distinction. The white population of South West Africa will be grossly over-represented in the Union Parliament under this scheme. There is reason to believe that the change is being made to increase the strength of the Nationalist Party. At the same time South West Africa is being left in a privileged position in regard to taxation and will not be financially integrated with the Union.

19. The Smuts Government agreed on a voluntary basis to submit annual reports on the administration of South West Africa for examination by the Trusteeship Council. Recently, however, the Malan Government has declared that it will not submit further reports. This is another instance of open defiance of the wishes of the General Assembly. When announcing the decision [to] send no more reports, Mr. Louw said that it remained the duty of South Africa to administer the territory in the spirit of the original mandate and according to the principle of trusteeship.

20. While I think we should continue to support South Africa's legal case, I do not think we need give her comfort or support in any other way. It would have been desirable to have brought South West Africa under the trusteeship scheme and we should continue to express this opinion. At the same time it must be realized that South Africa has successfully defied the wishes of the General Assembly and presumably will continue to do so.

R.A. M[ACKAY]

200.

DEA/5600-40

*Note du sous-secrétaire adjoint d'État aux Affaires extérieures
pour la direction du Commonwealth*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Commonwealth Division*

SECRET

[Ottawa], March 26, 1949

SOUTH AFRICA AND THE UNITED NATIONS: CANADIAN POLICY

I think it would be useful if you could have a meeting early next week with the U.N. Division, the Defence Liaison Division and Mr. Menzies to discuss the problems raised in your memorandum of March 23. With all respect, it does not seem to me that your memorandum gives an impartial appraisal of the factors involved. Thus, in paragraph 1(a) reference is made to the fact that the lack of political consciousness of the native peoples of Central and South Africa means that the South African treatment of the natives is not a political liability to the Western world. This, it seems to me, is scarcely relevant. The important thing is

surely that the behavior of the whites in South Africa to the coloured people in South Africa increases the danger that the white world will not have the full support of the coloured peoples *in Asia* against the Soviet Union. This is a political liability which must be weighed.

2. Similarly, in paragraph 1(b) the statement is made that, in the event of war with Russia, it would be imperative to have South Africa as an ally. Surely this is an over-simplification of the problem. I assume that in the event of war it will be extremely important to have Pakistan as an ally since Pakistan can be used as one of the forward bases for bombing attacks against the Soviet Union. In the event of war, it would also be important to have the coloured world at least neutral. Consequently the problem is surely one of weighing realistically the relative importance to the Western world of the couple of million whites in South Africa and the half-billion coloured people in South East Asia.

3. At the top of page 3 of the attached memorandum it is suggested that we adhere to our line of November, 1946, that the mixed questions of fact and law involved in India's complaint against South Africa should be submitted to the International Court. It seems to me that this would be a difficult line for us to maintain now when we have refused to support reference to the Court of the Arab contention that the Palestine problem came under the domestic jurisdiction clause, and the Dutch contention that the Indonesian problem came under the domestic jurisdiction clause.

4. General McNaughton and Mr. Holmes have both pointed out recently the extreme importance of the North Atlantic countries not giving the coloured world the impression that the North Atlantic Treaty was a ganging up of the white world against the coloured world. This, it seems to me, increases the importance of the North Atlantic countries at the Assembly in April leaning over backwards not to offend the coloured world.

E[SCOTT] R[EID]

201.

DEA/5475-DG-4-40

Note de la direction des Nations Unies
Memorandum by United Nations Division

[Ottawa], March 28, 1949

TREATMENT OF INDIANS IN SOUTH AFRICA—CANADIAN POLICY

The memoranda by the Commonwealth Division and by Mr. Reid on the above-named subject raise certain points concerning Canadian policy in the United Nations on which this Division may have to take a stand.

a) Mr. Reid says that it would be difficult for Canada to maintain its support for a reference of this question to the International Court of Justice in view of our refusal to support a reference to the Court of the Arab contention that the Palestine problem came under the domestic jurisdiction clause of the Charter. He mentions also that we did not support the Dutch contention that the Indonesian problem came

under this same clause. It could be argued, however, that in the case of Palestine we did not feel that there was a situation involving mixed fact and law which would have to be examined by the International Court. Events were moving very swiftly in Palestine and it was necessary for both the Assembly and the Security Council to take some action immediately. Palestine had, of course, been under mandate and was logically a subject for international action through the United Nations.

This does not apply, however, to the position of Indians in South Africa. We have already committed ourselves very definitely to the statement that this latter question should be examined in order to determine whether the domestic jurisdiction clause applies. With respect to the Indonesian question, it should be noted that we did not refuse to support any reference of the question to the International Court since the matter has never come formally to vote. The fact that Indonesia was a colony and that fighting was going on would also support United Nations action without prior reference to the International Court. In the case of South Africa, however, there is a stronger case for the applicability of a domestic jurisdiction clause and the United Nations cannot argue that the pressure of events in South Africa forces it to take immediate action.

b) It is true that the conduct of the South African Government in this matter is a liability to the white races in general in their dealings with Asiatic peoples. It should not be impossible, however, to make it clear to the Asiatic nations, and particularly to India and Pakistan, that the Atlantic Pact Powers have no sympathy with the racial theories of the Malan Government. This need not be done, however, by means of a resolution from the General Assembly which finally and formally condemned South Africa without achieving any amelioration whatsoever in the position of the Indians in South Africa.

c) If the domestic jurisdiction clause is not to be examined by the International Court in connection with this dispute, then one might legitimately ask when there is ever to be a line drawn between the powers of the United Nations and those of the member nations. Almost any internal dispute of any magnitude in the world today can have some international repercussions. It should be made clear at some point how far the United Nations is to go in telling individual nations how well they live up to the standards of the Charter.

K.B. WILLIAMSON

202.

DEA/5600-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], May 10, 1949

TREATMENT OF INDIANS IN SOUTH AFRICA

This question, which has come before the General Assembly at three sessions, is now being considered by the First (Political) Committee at Lake Success. It has

two principal aspects: namely, the question whether the Assembly is competent to deal with it and, if a majority hold that the Assembly is competent, the action it should take.

The Question of Competence

2. It has been consistently the South African position that this question, which involves residential and franchise restrictions, constitutes a subject beyond the competence of the General Assembly since the United Nations cannot "intervene" in a matter which is "essentially within the domestic jurisdiction of any state", as provided for in paragraph 7 of Article 2 of the Charter.

3. The South African representative is expected to go further and to deny that the Assembly has the right to entertain the complaint of India in any way or even to discuss it. He denies that Article 10 of the Charter, which states that the Assembly "may discuss any questions or matters within the scope of the present Charter" and "may make recommendations...on such questions or matters", or Article 14, providing that the Assembly "may recommend measures for the peaceful adjustment of any situation, regardless of origin...", apply in this case.

4. The South African Delegation is expected to contend that the question of competence must be dealt with before and to the exclusion of any consideration of the dispute.

Canadian Attitude

5. Our attitude at the 1946 and 1947 sessions of the Assembly was that there was uncertainty whether this issue did or did not come within the domestic jurisdiction clause. We took the position that it was in a twilight zone; that it involved mixed questions of law and fact; and that it should be referred to the International Court for an opinion. The Legal Adviser has now expressed the view that the Indian position has been weakened juridically by the dropping of any reference to the Cape Town agreements and by referring to South African nationals of Indian racial origin. The right of the Assembly to "intervene" (though not to discuss) is therefore very doubtful.

6. The position our Delegation might take on any resolutions on the question of competence would depend on the wording of such resolutions, but it is thought that:

(a) If the South African Delegation proposes a simple resolution to withdraw the item from the Agenda on the ground of the incompetence of the Assembly to intervene in the question, we should abstain from voting because of the doubt entertained on the issue of jurisdiction.

(b) If the South Africans attempt to force a vote on a resolution which questions the right of the Assembly even to discuss the matter, we should vote against such a resolution and thus assert the right of the Assembly to discuss any question under Article 10.

(c) If the South African Delegation puts forward a resolution expressing the view that the question of competence must be dealt with first and to the exclusion of any consideration of the substance of the dispute, we should vote against it as this would be denying the right of the Assembly to *discuss* any matter.

(d) If some other Delegation proposes a resolution to have the jurisdictional issue referred to the International Court for an advisory opinion, we should, in accordance with our previous attitude, vote for such a resolution.

7. Instructions to the Delegation should perhaps indicate that in any action it may take on resolutions dealing with competence, it should take every opportunity to point out that it has voted on constitutional grounds and that it has not taken a position on the treatment of the Indian community in South Africa. Non-European countries and especially the Asian Commonwealth countries should not be given the impression that we are automatically supporting the South African Government in its policy towards the non-European elements in its population.

Substance of the Dispute

8. After dealing with the question of jurisdiction, the Committee is expected to consider alternative resolutions concerned with the substance of the complaint. Should a majority of members decide that the Assembly is competent to deal with the issue, we might take the stand that we will abide by the majority decision and then proceed to vote on resolutions which will be brought forward on the substance of the dispute itself. This would clearly be an unsatisfactory and illogical position in view of our attitude on the competence of the Assembly. Nevertheless this was the position we took at the 1947 session when we voted in favour of a compromise resolution, which was defeated, calling upon the parties to the dispute to continue their efforts to reach an agreement through conference, mediation or conciliation. 9. Some resolutions on the merits of the issue will undoubtedly imply that the Assembly has full jurisdiction. This might mean a circumvention of the domestic jurisdiction clause, which might have serious implications for many members of the United Nations over a period of years, including perhaps Canada. At the same time, since the question of competence will have been evaded, South Africa will continue to have some justification in refusing to carry out any resolution with which it does not agree: it could simply maintain its attitude of refusing to accept any orders or recommendations on the ground that the Assembly has exceeded its powers.

10. The United Kingdom and United States Governments have both indicated to us that they would like to see a moderate resolution brought forward inviting or urging both parties to undertake direct negotiations, or to follow other methods of conciliation or mediation, with a view to reaching a satisfactory settlement or adjustment. Neither country, however, is prepared to take any public initiative along these lines. Presumably, our own attitude is that we would not wish to take the initiative in sponsoring such a resolution, although it is suggested that we should strongly support any such resolution since it is the only kind of resolution which seems to avoid the jurisdictional problem. Moreover, in practice, it is perhaps the only type of resolution that is likely to be at all productive of good results and to make some contribution to a settlement.

11. The text of such a conciliatory resolution would have to be carefully studied. If it were in the nature of a *request*, the jurisdictional issue would probably be avoided; but if it were in the nature of a *demand*, or if it were to censure South Africa expressly or impliedly, we could not logically support it. As mentioned above, at the 1947 session, we supported some compromise resolutions including

one which expressed "the wish that the parties should continue their efforts with a view to reaching an agreement directly settling their dispute, and that, should they fail to reach such an agreement, they should submit the dispute to the International Court of Justice."

12. The Indian Delegation is proposing a resolution which would provide for the establishment of a Commission of Enquiry to be composed of two Indians and two South Africans who would choose a neutral fifth member. This Commission would go to South Africa, look into the discriminatory legislation, arrive at agreed recommendations to ameliorate the situation and report to the Assembly. We have not yet seen the text of this proposed resolution and the attitude we should take on it might well depend on its exact wording. It seems, however, that it will be a somewhat more moderate resolution than those proposed by the Indian Delegation at the two previous sessions, and it might, as a consequence, be difficult to refuse to vote in favour of it. The adoption of such a resolution, which might well receive the necessary two-thirds majority, would, however, appear to constitute "intervention" in the domestic affairs of a member country. It may be assumed that South Africa would be opposed to such a resolution. It would, therefore, refuse to nominate its members or to receive the Commission. It would continue to defy the United Nations with the not unreasonable claim that the Assembly had exceeded its authority. On the other hand, to vote against such a resolution might well appear to be condoning the racial policies of the South African Government. It would thus seem best to abstain on this resolution, although even this position might well be misunderstood by Eastern countries, including the three Asian Commonwealth countries.

13. When speaking in the Committee on this resolution, or when discussing it with the Indian Delegation, our Delegation might point out that our position is not as different from that of the Indian Delegation as might appear to be the case. As Mr. St. Laurent pointed out in his speech on the subject on November 25, 1946, if the question of jurisdiction were referred to the International Court, a proposal which we favour, the Court could under Article 50 of its Statute appoint a commission to carry out an enquiry. Such a commission could be sent to South Africa to ascertain the facts. While the Court need not select such a commission, it would, if established, perform much the same functions as the Commission of Enquiry proposed in the Indian resolution.

14. The only position it seems possible for us to take is to abstain on a resolution which would order South Africa to take a line of action against its will. We could only vote in favour of a substantive resolution which simply invited or requested the parties to get together.

A.D.P. H[EENEY]

[Ottawa], May 11, 1949

Attached is a copy of the telegram of instructions[†] sent to the Delegation last night. I spoke to you of this this morning and you concurred.

Louw is now said to be less intransigent and it is even suggested that (with some modification of the Australian-Swedish resolution) he might be prepared to accept

direct negotiations. I agreed that McNaughton should do what he can behind the scenes to encourage South Africa & India to get together but his instructions stand.

A. H[EEENEY]

203.

DEA/5600-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 626

New York, May 12, 1949

CONFIDENTIAL

Re Treatment of Indians in the Union of South Africa.

1. You will by now have seen text of my statement of 11th May in the First Committee. The discussion on this item concluded on the afternoon of 11th May, and, by successive roll call votes, the Committee made the following decisions:

(a) It rejected the South African resolution (my teletype No. 613)† by a roll call vote of 5 in favour, 33 against and 12 abstentions. I abstained.

(b) It adopted the Indian resolution contained in my teletype No. 614† by a roll call vote of 21 in favour, 17 against and 12 abstentions (including Canada).

(c) It adopted an amended French-Mexican proposal (the text of which is contained in my immediately following teletype en clair)† by a vote of 39 in favour (including Canada), 2 against and 11 abstentions. Following adoption of this proposal the joint Australian-Danish-Swedish draft resolution was withdrawn.

2. You will see from the text of the amended French-Mexican resolution that it now contains no reference to the resolution of 8th December, 1946. In its present form it seems to me that this resolution fully meets the point of view expressed in paragraph 3 of your teletype No. 457.⁵⁶ You will note that it contains the essential feature of the joint Australian-Danish-Swedish resolution, regarding direct negotiations between the parties, but that it uses the words "invites" instead of "calls upon" and that it does not contain any reference to the appointment of a Mediator or the participation of the President of the General Assembly. For this reason I spoke in favour of the joint French-Mexican resolution as amended and voted in favour of it.

3. The French and Mexican representatives had agreed to a Byelo-Russian proposal that the reference to the Declaration of Human Rights be deleted from their draft resolution. The representative of Haiti, however, insisted that these words be voted upon and introduced a separate amendment calling for the re-introduction of this phrase. The Haitian amendment was adopted by a vote of 20 in favour, 18

⁵⁶ Le télégramme contenant les instructions auxquelles Heeney faisait allusion dans son *post scriptum* au document 202 ci-devant.

The telegram of instructions to which Heeney referred in his postscript to Document 202 above.

against and 12 abstentions. I voted against the re-introduction of this phrase because I did not believe that it added anything of value to the resolution; also it certainly made the resolution less acceptable to South Africa.

4. After the joint French-Mexican draft resolution had been amended (and prior to its being voted upon), the representative of Australia withdrew his proposal when it became apparent in the Committee that it would not secure the support of a majority of the members. The Danish and Swedish representatives also agreed to this withdrawal.

5. You will note that while the Political Committee thus adopted two draft resolutions on this subject, it seems quite apparent that only one of these (the joint French-Mexican resolution) will obtain the necessary two-thirds majority in the General Assembly. After adoption of the Indian draft resolution the representative of Iran pointed out that it had only secured a bare majority and called for a vote on the French-Mexican proposal. The Chairman agreed to this procedure under Rule 120 and his ruling was not challenged in the Committee. Ends.

204.

DEA/5600-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 462

Ottawa, May 12, 1949

CONFIDENTIAL

Following for Ignatieff from Reid. Begins. Treatment of Indians in South Africa.

1. There seems to have been some misunderstandings between us which I feel I should put straight for the record in this personal message to you.

2. I gather from Holmes that you were somewhat surprised when he told you over the telephone that we would be suggesting to you that you express our appreciation of the moderation of the Indian Resolution. At that time and at the time that we sent you our telegram No. 457 of May 10†, we had not seen the text of the Indian Resolution and were going on the description of it given you and Heeney by Malik (See Para. 3 of your telegram 600 of May 7).†

3. Later we received your telegram No. 614 of May 10† containing the text of the Indian Resolution and when we were able to examine this text it became evident to us that it could hardly be described as moderate. Unfortunately, by the time Holmes telephoned to Carter to suggest that no reference to the moderation of the Indian Resolution be made, the Canadian speech had already been given.

4. I would be interested to know whether anyone was surprised by the expression of "our appreciation of the moderate terms" in which the Indian Resolution was set forth.

5. Our study of the Indian Resolution of course reinforces the ground for our decision that you should abstain on that resolution. Ends.

205.

DEA/5600-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 640

New York, May 14, 1949

Your message No. 462, 12th May. Treatment of Indians in South Africa.

1. The references in my speech to "the moderation of the Indian resolution" in accordance with instructions I received, resulted in expressions of deep concern by the South Africans who asked me whether we were in fact not opposed to the two operative clauses of the Indian resolution.

2. In reply to South Africa I have taken the line that the reference had been included in my statement because the Indian resolution as now expressed was *in fact* less critical than on previous occasions. I said that we had on both the South African and Indian resolutions abstained in order to impress both delegations with our friendly attitude. I said that in committee we had expressed the hope that a resolution contemplating direct negotiations would be evolved.

3. Such a resolution has now been evolved in the First Committee and sent on to the General Assembly where I propose that we should give it our full support.

4. As regards comment from the Indian delegation, two members, Malik and Menon, have spoken to Ignatieff expressing appreciation for the position I had taken.

206.

DEA/5600-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 476

Ottawa, May 15, 1949

CONFIDENTIAL

Your No. 646 of May 14th†. Indians in South Africa. Following from Heeny.

1. The whole difficult problem has been reviewed here once more. After careful consideration of the draft contained in your telegram No. 646 and the reasons advanced in your telephone conversations with Holmes, I think in the circumstances you should not make any statement on the subject and that you should abstain from voting on the Indian resolution as a whole.

2. If the resolution is voted upon paragraph by paragraph, however, you should vote against (repeat against) the paragraph beginning, "is of the opinion that..." and abstain on all other paragraphs.

3. It is difficult to make a clear case on grounds of principle for either abstaining or voting against the Indian resolution, and we recognize that we may well be accused of inconsistency, whichever course we follow. But, on the whole, it seems to us that there are advantages in abstaining, and fewer disadvantages than in any other course.

4. Since your last telephone call, I have had a chance to consult the Minister, and he is satisfied that you should take the course outlined above. Message ends.

207.

DEA/5600-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 647

New York, May 16, 1949

CONFIDENTIAL

Treatment of Indians in the Union of South Africa.

1. The General Assembly in plenary meeting on Saturday 14th May, adopted a resolution, the text of which is contained in my immediately following teletype, † by roll call vote of 47 in favour (including Canada), one against (South Africa), and 10 abstentions. The following countries abstained: Greece, Paraguay, Poland, Ukraine, U.S.S.R., United Kingdom, Yugoslavia, Argentina, Byelo-Russia, Czechoslovakia. Ethiopia was absent.

2. Mr. Louw of South Africa objected to the inclusion of any reference to the Declaration of Human Rights in the resolution which was adopted and asked that the words "and the Declaration of Human Rights" be put to a vote separately from the rest of the operative paragraph of the resolution. The President (Evatt) ruled that these words were essentially an integral part of the paragraph as a whole and could not be voted upon separately. In the circumstances South Africa voted against the resolution and the United Kingdom abstained. The other members of the Commonwealth voted for the resolution. The Soviet bloc abstained from voting on the resolution on the grounds that it was "too weak".

3. The representative of India in a most conciliatory statement declared that he would not press for a vote on the resolution which India had submitted and which had been adopted by the First Committee by a vote of 21 in favour, 17 against and 12 abstentions. The other resolution having been adopted the General Assembly at the suggestion of the President consented to the withdrawal of the Indian resolution. The contingency contemplated in your message No. 476 of 15th May therefore did not arise. The procedure in this respect was somewhat confused as the rules of procedure provide for the withdrawal of a motion by the proposer if it is not amended before it is put to the vote. In this case the resolution had been adopted by a committee. However, no objection was raised to adopting the course

suggested by the Indian delegation, particularly as it was evident that this proposal would not obtain the necessary two-thirds majority.

4. The Indian position in the debate in the General Assembly was marked by a conciliatory attitude which was in contrast to their attitude in Committee 1 and also with the attitude of South Africa both in Committee 1 and continued into the General Assembly. Mr. Louw in a long statement repeated substantially the arguments which he had put forward in the First Committee and gave no indication that South Africa would be willing to enter into direct negotiations upon the basis of the text of the resolution ultimately adopted by the General Assembly. In what appeared to be a contradiction, on the one hand he maintained that the discussion as well as any decision by the General Assembly on the Indian complaint was outside the competence of the Assembly, and on the other hand, he suggested that the Assembly might best take a decision merely calling upon the two parties to enter into discussions at a round table Conference without specifying any basis for these discussions whatever.

SUBDIVISION X/SUBSECTION X

RÉFUGIÉS ET PERSONNES APATRIDES
REFUGEES AND STATELESS PERSONS

208.

DEA/5475-EA-40

*La délégation permanente aux Nations Unies
au secrétaire d'État par intérim aux Affaires extérieures*

*Permanent Delegation to United Nations
to Acting Secretary of State for External Affairs*

NEW YORK, OCTOBER 29, 1949

Sir:

I have the honour to refer to the question of "Refugees and Stateless Persons" which is on the agenda of the General Assembly. It is now understood that Committee Three will begin discussing this item on Friday November 4.

2. The report of the Secretary-General which was called for by Resolution 248 (IX)A of the Economic and Social Council has now been circulated as Document A/C.3/527, two copies of which are enclosed.† You will recall that the Secretary-General was requested to prepare a plan for such organization within the framework of the United Nations as may be required to enable the United Nations to discharge the function of international protection of refugees and related functions, taking into account the alternative of establishing a High Commissioner's office under the control of the United Nations or a service within the United Nations secretariat. In addition, the Secretary-General was requested to submit a proposal with respect to the nature and extent of the legal protection functions to be performed. At the same time ECOSOC recommended that the General Assembly decide at this Fourth Session the functions and organization arrangements within

the framework of the United Nations necessary for the international protection of refugees after the IRO terminates its activities.

3. You will note that this report of the Secretary-General points to certain questions which the General Assembly might wish to consider concerning the categories of persons who would fall within the mandate of the proposed service, and other related problems. In Chapter 2 of this report the Secretary-General has in some detail outlined what he considers to be the various functions as regards the international legal protection of refugees which the new service might perform.

4. The Secretary-General has not dealt fully with the important question of material assistance in his report, as he was not requested to do so by the ECOSOC resolution. Further, he considered that this question could only be considered on the basis of the IRO plans and the arrangements made for the benefit of needy refugees at present within its mandate. In this regard the Secretary-General has circulated a separate document (A/C.3/528) which contains the text of Resolution 54 adopted by the General Council of IRO on 20 October 1949, as well as a memorandum to the General Assembly which the IRO Council decided to transmit at its last session.

5. As regards the form of the future organization for the protection of refugees, you will note that the Secretary-General favours the establishment of a High Commissioner's office rather than a service within the United Nations secretariat. In Chapter 3, paragraphs 45 to 51 inclusive, of his report, the Secretary-General has outlined in brief the organization which might be established. Further information is given under the heading "Budgetary Implications" in paragraphs 64 to 71 inclusive. The Secretary-General has deliberately refrained from making fully detailed recommendations regarding this organization as he believed that such proposals could more appropriately be made after the decisions of principle have been taken by the General Assembly.

6. No doubt you are already aware of the resolution and memorandum addressed to the General Assembly by the General Council of IRO. As mentioned above, this has now been circulated as Document A/C.3/528, two copies of which are enclosed.† You will note that the memorandum points to the possibility that material assistance of some sort will probably be required for refugees even if member governments of IRO agree to extend the life of that organization until 31 March 1951.

7. It would be appreciated if your comments on these two reports and your suggestions as to the attitude which the Canadian Delegation might adopt on this question of refugees and stateless persons could be forwarded if possible by next Friday, 4 November.

I have, etc.

G.K. GRANDE
for Chairman, Canadian Delegation

209.

DEA/5475-EA-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 241

Ottawa, November 4, 1949

CONFIDENTIAL

Your despatch No. 22, October 29th—Refugees and Stateless Persons.

1. We have studied the two documents enclosed with your despatch and after consultation with the other interested Departments, we would make the following comments:

(a) The extent to which the U.N. should provide legal protection for refugees and stateless persons.

2. It is our opinion that the I.R.O. and the organization which succeeds it should extend whatever legal protection is required by refugees and persons who are de jure stateless. This generalization would not apply of course to war criminals or other persons who for similar reasons were left outside the I.R.O. mandate. It should, however, apply to refugees who are in that position for purely technical or national reasons even though they are outside the I.R.O. mandate.

3. It seems to us that the more that is done by the U.N. to protect the interests of stateless persons and other refugees, the more likely these people are to find satisfactory havens and the more willing they may be to accept permanent residence in the countries where they are now living. It is to Canada's interest that these persons should become permanently domiciled as quickly as possible and legal protection by the U.N. would be a contribution to that end.

4. The extent of material assistance which should be given by the U.N. is difficult to assess at this time but we think it important that the terms of reference of the High Commissioner's duties should be broad enough to allow consideration of any problem affecting refugees.

(b) The arrangements which should be made to handle the continuing problems of refugees following the termination of the I.R.O.

5. As explained in the Commentary article on the I.R.O., our main concern is that an efficient organization should be established and that its maintenance should be a charge on the regular U.N. budget. The Secretary-General's recommendation for the appointment of a High Commissioner who would report to the General Assembly through ECOSOC and who would comply with directives received from the Assembly and the Council, seems to us to meet our position and we see no objection to supporting it unless, during the course of the debate, serious weaknesses in the scheme which are not at present apparent are revealed. The prominent stature of the High Commissioner would be a constant invitation to the Assembly and ECOSOC to examine and criticize his activities whereas the same sort of work handled by a section of the Secretariat would be less likely to impose itself upon

their attention. Moreover, it would be relatively simple at any time to terminate the High Commissioner's responsibilities and incorporate any continuing elements of the problem into the Secretariat of the U.N. should this prove feasible or desirable at some future date. It should be envisaged that, as the proportions of the problem are reduced, a comparable reduction should take place in the number of the employees of the U.N. assigned to handle it. The appointment of a High Commissioner might well facilitate the efficient and economic handling of the problem.

(c) Intergovernmental Committee.

6. Paragraphs 56 and 57 of the Secretary-General's report envisage the establishment of an Intergovernmental Consultative Committee to advise ECOSOC on any aspect of the U.N. work for refugees. While we understand that the object of setting up such a committee would be to include in it countries such as Switzerland and Italy who are not members of the U.N. and while we recognize the interest of these countries in the refugee problem and the desirability of bringing them into association with the refugee work, it seems to us that the advantages to be gained are outweighed by the disadvantages of adding still another to the already alarming number of international bodies. We would think that the attendance of representatives of these countries with observer status, to sessions of ECOSOC, would provide ample opportunity for consultation and that the Intergovernmental Committee would serve no purpose useful enough to justify its establishment.

(d) Budgetary Implications.

7. Finance requests that Pollock examine this aspect carefully before Delegation approves plan.

210.

DEA/5475-EA-40

*La délégation permanente aux Nations Unies
au secrétaire d'État par intérim aux Affaires extérieures*

*Permanent Delegation to United Nations
to Acting Secretary of State for External Affairs*

NEW YORK, NOVEMBER 19, 1949

Sir,

I have the honour to report on item 63 regarding the question of refugees and stateless persons, discussed in the Third Committee.

2. As explained in my despatch No. 22 of October 29, the Secretary-General of the United Nations submitted to the General Assembly, at the request of the Economic and Social Council (Resolution 248 (IX)A of 6 August 1949), a report on the organization required to enable the United Nations to discharge the function of international protection of refugees when the IRO terminates its mandate. The Economic and Social Council had also recommended that the General Assembly at its fourth session consider this matter, on the basis of the General Assembly report, with a view to deciding the organizational arrangements necessary for the international protection of refugees.

3. When the Third Committee began the consideration of this item on November 4, it had for consideration a draft resolution submitted by the French Delegation embodying the Secretary-General's recommendation that a High Commissioner's Office for refugees be established. The French resolution sought, moreover, to define the general principles that would guide the action of the High Commissioner, the organization of his office and the functions that he would be called upon to perform.

4. The first phase of the debate on this item was characterized by a series of criticisms of the activities of IRO rather than a discussion of the specific question on the agenda. The U.S.S.R. and its Eastern European satellites assailed the operations of IRO on the following grounds:

(1) While the main task of IRO should have been to promote the repatriation of refugees and displaced persons, it had instead engaged in resettlement of refugees, even against their will. In support of their thesis, they cited the fact that between 1 July 1947 and February 1948, more than 400,000 displaced persons had been resettled in foreign countries and that during this period only 62,621 had been repatriated. Repatriation had been furthermore discouraged by the IRO policy to fail to provide refugees in IRO camps with essential and unbiased information about their country of origin. The Polish Delegation referred on this point to what was called the "kidnapping" of 123 Polish children by the Canadian Government last August.

(2) A larger number of IRO officials are war criminals who have the full support of the governments members of the Organization.

(3) IRO was merely a recruiting agency for cheap labour at the disposal of the capitalist world. The Polish Delegate illustrated this point by a brief reference to the recruitment of one hundred Polish girls through IRO by a Canadian industrialist. Yugoslavia was also accused of following the example of capitalist countries and bringing cheap labour into its territory. Four thousand Polish families had been recruited in Germany by Yugoslavia.

5. The general accusations directed against IRO were answered by the Director-General of IRO, Mr. Kingsley, in a statement made on November 10. In his statement Mr. Kingsley gave a full picture of the part played by IRO with regard to the Polish children sent to Canada from refugee camps in Tanganyika. Senator Wilson had already answered the Polish charges in a statement made before the Committee on November 4.

6. The second phase of the debate centering on the immediate problem on hand revealed a divergency of approach between the French and the United States delegations. This divergency touched the definition of refugees, the necessity for material assistance and the method of appointment of the High Commissioner.

7. Definition of refugees. Originally the United States Delegation held that the High Commissioner should only be competent to deal with refugees as defined in the Constitution of IRO. They agreed eventually that he should also deal with such categories of refugees which might be defined by the General Assembly or the Economic and Social Council. The French point of view, on the other hand, was that the definition adopted by IRO is incomplete, designed to meet certain conditions which no longer exist and that, therefore, it should only be provisionally

adopted by the High Commissioner. They wished also that the General Assembly or the Economic and Social Council be called upon to define, not specific categories of refugees, as this might have a restrictive effect, but to draft a general definition of the status of refugee.

8. Material assistance. The United States Delegation did not wish mention to be made, in the resolution, of the possibility that any other kind of assistance would be provided by the High Commissioner outside of legal protection. They were afraid that this may give rise to false hopes to the persons concerned. They argued also that this aspect of the refugee problem had been taken care of by IRO and should not be the concern of the proposed Office. The French position, on the other hand, was that the problem of material assistance, especially with regard to the "hard core" category of refugees, will continue to exist. The High Commissioner should, therefore, be given the authority to administer any assistance funds that might be placed at his disposal by the General Assembly or the Economic and Social Council, or by private organizations. The French pointed out that Resolution No. 248(IX)A of the Economic and Social Council, envisaged the possibility that assistance funds may be put at the disposal of the United Nations by the General Assembly, for the benefit of certain classes of refugees.

9. Appointment of the High Commissioner. The United States Delegation favoured the direct appointment of the High Commissioner by the Secretary-General. They were concerned that the election of the High Commissioner would affect adversely his relationship with the Secretary-General and would, therefore, be conducive to administrative inefficiency. The French, on the other hand, look upon the High Commissioner as an official whose humanitarian functions calls for the highest prestige and stature. He would not have this prestige if he were appointed by the Secretary-General in the same manner as other officials of the United Nations. They argued that the purpose in establishing a separate High Commissioner's Office, (rather than an office within the United Nations Secretariat), would be defeated if the High Commissioner were to be appointed directly by the Secretary-General.

10. In the general statement which she made before the Committee on November 12, Senator Wilson endorsed the principle of the French resolution embodying the Secretary-General's recommendation that a separate High Commissioner's Office be established. This solution appeared desirable because a separate refugee office would be a constant reminder to the members of the United Nations of the importance of the problem of refugees, and because the close relationship envisaged between the proposed High Commissioner's Office and the United Nations Secretariat would make it easy, at a later stage, to incorporate the continuing elements of this problem into the Secretariat.

11. She also emphasized the necessity for the General Assembly, at its current session, to reach agreement on the functions of the proposed Office. Her remarks on this point were prompted by the United States informal proposal, at an early stage of the debate, to merely ask the Secretary-General to prepare a draft resolution for the next session of the Assembly outlining the functions and the organization of the Office.

12. As for the definition of refugees, Senator Wilson said that for all practical purposes the IRO definition could be used but that in order to achieve the necessary flexibility it would be necessary to add to the High Commissioner's responsibility any group or category of refugees specifically designated by the General Assembly or the Economic and Social Council. With regard to the question of material assistance, she stated that whether we want it or not this problem will continue to confront us. Provided that any such assistance was carried on a separate budget, collected on a voluntary basis from all responsible governments, with the specific approval of the General Assembly or ECOSOC, there could not be any objection to enabling the High Commissioner to administer such funds as may be placed at his disposal.

13. The question as to the best method of bringing into consultation the interested non-member governments with the High Commissioner's Office, has remained unsettled and will receive further consideration by ECOSOC. The Canadian suggestion that representatives of these countries be invited to ECOSOC as observers was objected to by the French Delegation on the ground that the status of observer was insufficient in order to enable these representatives to perform functions of advisers. The United States Delegation favoured further consideration being given to this matter.

14. The procedure to be followed regarding the appointment of the High Commissioner was the subject of considerable discussion. Fundamentally this debate reflected the United States conception that the proposed office should only have an administrative status while the French Delegation conceived the office more or less along the lines of the League's Refugees Office directed by Nansen. The Canadian Delegation instructions were that the High Commissioner should be appointed by the Secretary-General. In the informal discussions that took place, however, a compromise solution was reached which would have had the High Commissioner nominated by the Secretary-General and elected by ECOSOC. The U.K. Delegation also favoured this solution. As, on the other hand, the Canadian Delegation had voted in favour of the election of a High Commissioner for Libya, we finally rallied to the French alternative. In the text of the French resolution, as it was finally adopted, the High Commissioner is nominated by the Secretary-General, and elected by the General Assembly as a result of a last-minute amendment proposed by the Lebanese Delegate.

15. In order to complete this epitome of the Canadian position regarding this matter, I should like to mention briefly the various resolutions and amendments on which vote was taken on November 15.

(1) Byelorussian S.S.R. draft resolution (A/C.3/L.25). This resolution sought to censure the repatriation policies of IRO. Canada voted against the whole and each paragraph of this resolution which was rejected by 7 yes, 15 no and 22 abstentions. The Arab countries abstained on this resolution.

(2) Lebanese amendment (A/C.3/L.30), to the draft resolution submitted by France and the United States. Canada voted for paragraph one and paragraph two of this amendment. Paragraph one added one preamble to the French-United States resolution, recognizing the United Nations responsibility for the international pro-

tection of refugees. Paragraph two proposed the election of the High Commissioner by the General Assembly instead of by ECOSOC.

(3) Australian amendment (A/C.3/L.31). We voted in favour of the first paragraph of this amendment which enables the High Commissioner to discharge the functions defined in the resolution plus any such other functions as the General Assembly may confer upon him. This amendment ensured a desirable flexibility to the terms of reference of the High Commissioner's Office. We abstained on the second paragraph of the Australian amendment, on the ground that it was repetitious, which would have specifically stated that the High Commissioner could engage in repatriation and resettlement activities, as the General Assembly may determine.

(4) United Kingdom amendment to the French-United States resolution (A/C.3/L.32). The original text of the resolution provided that the High Commissioner should receive policy directions from the General Assembly and the Economic and Social Council, and that he should report to the General Assembly through the Economic and Social Council. The United Kingdom amendment left it to the General Assembly to define the relationship between the High Commissioner, the General Assembly and the Economic and Social Council. We voted in favour of this amendment because, through the working out of a suitable formula, these amendments make it possible to counter-balance the freedom of action resulting from the election of the High Commissioner by the General Assembly. These amendments were adopted.

(5) Israeli amendment to the French-United States resolution (A/C.3/L.33). We voted in favour of paragraph one of this amendment and abstained on paragraph two. Paragraph one was an improvement in the wording of the resolution, and paragraph two was repetitious.

(6) Draft resolution submitted by France and the United States (A/C.3/L.29). We voted in favour of the United States alternative concerning the definition of refugees, as it was more restrictive. The United States alternative, however, was defeated by a small majority. We voted in favour of the French alternative proposal regarding material assistance. The French text enables the High Commissioner to administer assistance funds which he may receive from public and private sources. The French proposal was approved by a majority of 3 with 16 abstentions. Canada voted in favour of the French alternative proposal regarding the method of appointment of the High Commissioner, which was adopted by 19 yes, 10 no and 15 abstentions. The amended text of the resolution was adopted as a whole by 24 in favour, 12 against (including the United States) and 10 abstentions.

(7) French draft resolution (A/C.3/L.27). This resolution called for all states to furnish assistance to IRO particularly with regard to the admission and care of refugees. It also postponed the consideration of the problem of assistance to the Fifth Session of the General Assembly. We voted in favour of this academic resolution which was approved by 18 yes, 8 no and 18 abstentions.

16. It is to be noted that the United States Delegation finally voted against the amended draft resolution they had sponsored with the French. I should think that Mr. Warren, the principal adviser of the United States Delegation on this matter, is

responsible to a large extent for the uncompromising attitude shown by the United States. He seemed anxious above all to reduce the importance of the proposed Office to a purely administrative role and entertained suspicions that the French were trying to build up the Office which would soon undertake the assistance of refugees on a large scale. In fact, one wonders why the United States Delegation ever approved the establishment of a High Commissioner's Office, as the creation of an administrative service within the Secretariat would have been much more in conformity with their professed views on the role to be performed by the High Commissioner.

17. Most of the Arab States abstained from voting on this measure. Their attitude was determined mainly by the fact that they did not wish to contribute to the establishment of an Office whose primary responsibility would be the protection of European refugees. The representatives of India and Pakistan referred to their own refugee problem which they considered far greater in scope than the European problem, and stated that their first duty was to help their own people.

I have, etc.

PAUL TREMBLAY
for the Chairman, Canadian Delegation

211.

DEA/5475-EA-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 324

November 22, 1949

CONFIDENTIAL

Refugees and stateless persons.

1. We hope that some further steps may be taken to achieve a compromise before this matter comes up in plenary. In view of the stand which we have already taken in the Committee it does not seem to us that it would be possible for us to vote against or even to abstain on the resolution. Nevertheless it would be unfortunate if the Assembly were committed to a new policy on this important matter by so small a majority. It would be particularly unfortunate, furthermore, if a resolution were passed without United States support, under the provisions of which voluntary contributions might be necessary for the assistance of European "hard core" or other refugees, in view of the fact that United States financial and other assistance would almost certainly be essential for the success of any programme of this kind. The situation is not dissimilar from that in which we found ourselves several years ago on the question of post-UNRRA relief, and it may be useful to talk to Mr. Martin about this subject, with which he was deeply involved.

2. It seems to us most important that the United States and French delegations should make another effort to reach agreement. If they have not done so, we hope it

might be possible for you to ask the Americans what amendments they intend to propose in plenary and find out whether these would be accepted by the French and other supporters of the resolution. If a compromise could be reached, I think that we ourselves should be prepared to accept it. We and others who supported the French resolution might then state frankly in plenary that we were now supporting a resolution which was somewhat different from that which we had originally favoured and that we were doing so in the interests of securing wider support.

212.

DEA/8508-40

*Extrait du procès-verbal de la réunion des chefs de direction**Extract from Minutes of Meeting of Heads of Divisions*

SECRET

Ottawa, December 5, 1949

...

THE UNITED NATIONS

1. *Mr. Holmes* said that the General Assembly was rapidly drawing to a close. The Minister and most of the other members of the Canadian delegation have returned to Ottawa. General McNaughton is acting as chairman of the small section of the delegation which remains in New York.

...

3. The item on Refugees and Stateless Persons was disposed of in plenary session on December 3 with the adoption of a joint French-United States resolution calling for the establishment of a High Commissioner's Office for Refugees. The vote was 35 in favour, 7 against, with 13 abstentions. We had been concerned over this item since the French and United States delegations held divergent views on certain fundamental issues and the resolution which was adopted in Committee with the French alternatives carried with less than the substantial majority which we considered essential for the successful functioning of a High Commissioner's Office. Moreover, in Committee the United States voted against the resolution. Largely owing to the efforts of the Canadian delegation, a compromise was arrived at between the French and the United States delegations before the resolution was put to the plenary where it was supported by both France and the United States.

4. Under the terms of the resolution, a High Commissioner's Office will be established not later than January 1, 1951. The High Commissioner's functions will be primarily of a legal nature but he is authorized to distribute any funds he may receive for material assistance. He is not to request governments for contributions for this purpose except when specifically authorized to do so by the General Assembly.

SUBDIVISION XI/SUBSECTION XI
CONVENTION SUR LE GÉNOCIDE
GENOCIDE CONVENTION

213.

PCO/Vol. 124

Note du secrétaire du Cabinet pour le Cabinet
Memorandum by Secretary to the Cabinet to Cabinet

CONFIDENTIAL

[Ottawa], October 12, 1949

SIGNATURE BY CANADA OF THE GENOCIDE CONVENTION

Background

The General Assembly of the United Nations of December 9, 1948, unanimously adopted the text of the Convention on the Prevention and Punishment of Genocide, the first international treaty ever prepared by the United Nations to be proposed for signature and ratification by the states of the world. "Genocide", a new name for an old crime, is defined as "an act committed with intent to destroy a national, ethnic, racial or religious group".

2. At the present time twenty-nine countries, including the United States, France, and Australia, have signed the Convention, while four have deposited their instruments of ratification with the United Nations.

3. Canada's representatives at the first part of the Third Session of the General Assembly in Paris last year were among those who supported the principle that the Genocide Convention should receive the widest possible application. The Canadian delegates to the current Session of the Assembly have been told that they could support any proposals to extend invitations to sign to sovereign states which are not members of the United Nations, and that such support is justified on the grounds that universal application of the Convention is in the interest of the development of international law and is desirable on humanitarian grounds.

4. The Department of Justice is of the opinion that there is no legal or constitutional objection to Canada becoming a party to this Convention and that no legislation will be required for the purpose of implementation since the provisions of the Convention are already covered by the criminal law of Canada.

5. In view of the above it would appear that there are cogent reasons why Canada should sign this Convention with the least possible delay.

Recommendation

6. It is therefore recommended that a submission to Council asking for the issuance of Full Powers for the Secretary of State for External Affairs or for his

nominee to sign the Genocide Convention,⁵⁷ should be made in the form of the document attached as Annex 1 to this memorandum.†

L.B. PEARSON

SUBDIVISION XII/SUBSECTION XII

CONVENTION SUR LA SUPPRESSION DU TRAFIC DES PERSONNES
ET DE L'EXPLOITATION DE LA PROSTITUTION D'AUTRES PERSONNES
CONVENTION FOR THE SUPPRESSION OF THE TRAFFIC IN PERSONS
AND OF THE EXPLOITATION OF THE PROSTITUTION OF OTHERS

214.

DEA/5475-CQ-1-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

NEW YORK, NOVEMBER 30, 1949

Sir,

I have the honour to report on the adoption by the Third Committee, of the Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others.

2. The discussions that took place on this matter may be conveniently dealt with under the following headings:

First Debate in the Third Committee;

Consideration of the Legal Aspects of the Convention by the Sixth Committee;

Second Debate in the Third Committee.

First Debate in the Third Committee

3. The most important point discussed in the first phase of the debate was the question as to whether the offences defined in the Convention should be further qualified by the words "committed for purposes of gain". The Pakistani Delegation proposed the deletion of these words and, in accordance with our instructions, we opposed this amendment. It was carried, however, and we felt that after having marked our opposition, we could support the article as amended.

4. The Third Committee also decided to ask the Sixth Committee for advice on Articles 8, 9, 10, 12, 25-26-28, 29, 30, 31, and 32 of the Draft Convention. A special resolution was also adopted by the Committee requesting the Sixth Committee to inform it of the legal effects of deleting or retaining the clause "subject to

⁵⁷ Le Cabinet approuva cette recommandation le 26 octobre 1949 (voir C.P. 5455, le 27 octobre 1949). Pearson signa la convention le 28 novembre 1949. Cabinet approved this recommendation on October 26, 1949 (see P.C. 5455, October 27, 1949). Pearson signed the Convention on November 28, 1949.

the requirements of domestic law" which appears in various articles of the Draft Convention. The following is a detailed account of the votes taken in the Committee showing in each case how Canada voted.

Article 1

Pakistan proposal to delete the remainder of the Article commencing with the words "provided these offences are committed for purposes of gain".

Vote: For 22, against 15 (including Canada), abstentions 5.

Article 1 as a whole as amended:—For 35 (including Canada), against 5 (including United Kingdom), abstentions 2.

Article 2

Chairman's proposal to add "or rents" after "lets" in sub-paragraph (b).

Vote: For 31 (including Canada), against 2 (U.S.A. and U.K.), abstentions 7.

Article 2 as a whole as amended:—For 41 (including Canada), against 0, abstentions 1.

Article 3

Amendment to delete "subject to the requirements of domestic law".

Vote: For 23 (including Canada, U.S.A. and U.K.), against 1, abstentions 17.

Article 3 as a whole as amended:—For 33 (including Canada), against 1, abstentions 8 (including U.S.A.).

Article 5

Vote: For 51 (including Canada), against 0, abstentions 0.

Article 6

Vote: For 36 (including Canada), against 3, abstentions 10.

Several amendments all opposed by Canada were defeated.

Article 14

Vote: For 47 (including Canada), against 0, abstentions 2.

Article 15

Vote: For 48 (including Canada), against 0, abstentions 1.

Article 17

Afghanistan amendment to substitute "take *and* encourage" for "take *or* encourage".

Vote: For 13, against 25 (including Canada), abstentions 7.

U.K.-New Zealand amendment to add after the word "rehabilitation" the words "and social adjustment of victims of prostitution and of the offences referred to in this Convention".

Vote: For 43 (including Canada), against 0, abstentions 7.

Article 17 as a whole as amended:—For 47 (including Canada), against 0, abstentions 3.

Article 18

Brazilian amendment to substitute "seaports" for "ports of embarkation".

Vote: For 29, against 1, abstentions 19 (including Canada).

Lebanese amendment to revise sub-paragraph (d) to read as follows:—"To take appropriate measures in order that the appropriate authorities be informed of the arrival of persons who appear *prima facie* to be the principals and accomplices in, or victims of such traffic".

Vote: For 17, against 1, abstentions 27 (including Canada).

Article 18 as a whole as amended:—For 44 (including Canada), against 0, abstentions 4.

Article 21

Israeli amendment to add after "persons" the words "in particular, women and children".

Vote: For 31 (including Canada), against 0, abstentions 10.

Article 21 as a whole as amended:—For 48 (including Canada), against 0, abstentions 1.

Article 22

Vote: For 46 (including Canada), against 0, abstentions 4.

Article 23

As revised by the U.S.A.

Vote: For 21 (including Canada), against 18, abstentions 10.

Article 24

(This was voted on after Article 27 was considered but before Article 27 was deleted.)

Ukrainian amendment to add after "This Convention shall be open for signature or acceptance on behalf of any Member of the United Nations and also on behalf of any non-member State to which an invitation has been addressed by the Economic and Social Council of the United Nations" the words: "For the purposes of the present Convention the word 'State' shall include all the colonies and Trust Territories of a State signatory to or accepting the Convention and all other territories for which such State is internationally responsible" and delete the words: "It shall also be open for signature or acceptance on behalf of any Trust Territory..." down to the end of the paragraph.

Vote: For 23, against 22 (including Canada, U.K., and U.S.A.) abstentions 5. This was a roll call vote.

Article 24 as a whole as amended:—For 28, against 18 (including Canada), abstentions 3.

Article 27

Ukrainian proposal to delete Article 27.

Vote: For 25, against 19 (including Canada), abstentions 4.

Final Protocol

U.K. amendment.

Vote: For 40 (including Canada), against 0, abstentions 6.

Protocol as a whole as amended:—For 49 (including Canada), against 0, abstentions 1.

Preamble

Vote: For 45 (including Canada, against 0, abstentions 5.

Consideration of the Legal Aspects of the Draft Convention by Committee Six

5. The report of the Legal Committee (A/C.6/L.102) will already have reached you. A separate report outlining the Canadian position on the Committee's recommendations is being prepared by Mr. Pick.

Second Debate in the Third Committee

6. On November 28 the Third Committee convened to study the report of the Legal Committee. Generally speaking, the recommendations of the Legal Committee were adopted without much discussion but it may be of interest to outline the salient points of the debates.

(a) *Definition of prostitution*—The Sixth Committee at the instigation of the Swedish representative had included in its report a remark to the effect that a number of States would be unable to accept the Convention if incitement to prostitution and similar acts were not further qualified by the words "committed for gainful purposes". The Pakistani representative in the Third Committee took exception to this part of the report on the ground that this was not a legal but a social matter, and that the Sixth Committee had therefore exceeded its competence. He argued furthermore the procedural point that Article 1 had already been adopted and that it could only be reconsidered with a favourable two-third majority vote. A vote was taken on this point, Canada voting in favour of the reconsideration of Article 1 (in accordance with the spirit of the instructions contained in paragraph 2 of your despatch No. 61 of October 26),[†] but the motion was defeated.

The Committee voted also against the inclusion of a general definition of the term "prostitution" for the purposes of the Convention, as suggested by Committee Six. We voted against this proposal on the ground that such a definition does not appear in the international instruments referred to in the preamble of the Draft Convention.

(b) *The non-self executing clause* (Article 30). It had been expected that the U.S. Delegation would try to introduce an amendment to the effect that Article 30 recognizes a reasonable time in which to adopt implementing legislation, but they did not do so and the Egyptian text as proposed by the Sixth Committee was adopted without any opposition.

(c) *The Federal clause*. Although the Sixth Committee had approved the principle that a federal clause should be included in the Draft Convention, it was unable to agree on the nature of such a clause. The French representative requested a vote on the question as to whether this matter should be reconsidered by Committee Three. We voted affirmatively in view of our preference for the inclusion of a fed-

eral clause in the Convention, but the French proposal was defeated by a large majority. The Convention as finally adopted does not therefore contain a federal clause.

7. When the vote was finally taken on the amended text of the draft Convention, it was adopted by 34 votes in favour, including Canada, with no opposition and 8 abstentions including the United States, the United Kingdom, and France.

8. I am attaching herewith a list of the votes taken in Committee Three indicating how Canada voted in each case.† I am enclosing also copy of a statement made by the United Kingdom representative explaining why he had to abstain from voting on the draft convention as a whole.†

I have, etc.

PAUL TREMBLAY
for the Chairman, Canadian Delegation

SUBDIVISION XIII/SUBSECTION XIII

CONSEIL D'ARBITRAGE EN CAS D'ENQUÊTE ET DE CONCILIATION
PANEL FOR ENQUIRY AND CONCILIATION

215.

DEA/5475-DY-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

Ottawa, December 8, 1949

UNITED NATIONS PANEL FOR ENQUIRY AND CONCILIATION

On April 28, 1949, the United Nations General Assembly adopted a resolution providing for the creation of a Panel for Enquiry and Conciliation to be available to any states involved in controversies and to the General Assembly, the Security Council and other subsidiary organs, when exercising their respective functions in relation to disputes and situations. A copy of this resolution is attached as Annex A.†

2. The Panel is to consist of persons designated by Member States who, by reason of their training, experience, character and standing are deemed to be well-fitted to serve as members of commissions of enquiry or of conciliation and who would be disposed to serve in that capacity. Each member state may designate from one to five persons, who may be either private persons or government officials. In designating any of its officials, however, a state shall agree to make every effort to make such person available if his services on a commission are requested. Two or more states may designate the same person.

3. Members of the Panel shall be designated for a term of five years and such designations shall be renewable. In the performance of their duties members of commissions shall not seek or receive instructions from any government. Member-

ship in the Panel shall not, however, render a person ineligible for appointment, as a representative of his government or otherwise, on commissions or other bodies not formed under the regulations governing the Panel for Enquiry and Conciliation. Members of commissions constituted under these regulations shall receive appropriate compensation for the period of their service.

4. The Secretary-General of the United Nations has requested the Canadian Government to send him the names of the one to five persons designated by it as members of the United Nations Panel for Enquiry and Conciliation.

5. I recommend that the Canadian Government should designate five Canadians for membership on the Panel. In making these appointments it is necessary to bear in mind the importance of having highly qualified persons readily available to serve on such commissions as may be constituted to assist in the settlement of international disputes and situations. The services of persons of the stature of the late Count Folke Bernadotte and Dr. Ralph Bunche have proved invaluable in reaching some degree of settlement in the very complicated Palestine situation.

6. The following is a suggested list of names of Canadians who might be approached with a request that they permit the Government to designate them for membership on the Panel. The first five persons would be approached immediately, and in the event of any of them being unable to serve, the last three, listed as alternates, would be approached.⁵⁸

Senator L.M. Gouin
Rt. Hon. Vincent Massey
Mr. Justice Ilsley
Senator Norman P. Lambert
Chief Justice Sir Albert Walsh

Alternates

Senator L.A. David
Hon. C.J. Burchell
Mr. R.H. Fowler

L.B. PEARSON

⁵⁸ Le Cabinet nota ce rapport, le 21 décembre.
The Cabinet noted this report on December 21.

SUBDIVISION XIV/SUBSECTION XIV
COMITÉ DE L'ÉTAT-MAJOR MILITAIRE
MILITARY STAFF COMMITTEE

216.

DEA/226(s)

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], April 11, 1949

Item No. 6 on CSC Agenda for April 12, 1949

ADVISABILITY OF RAISING IN SECURITY COUNCIL
THE QUESTION OF THE MILITARY STAFF COMMITTEE
UNDER ARTICLE 43 OF UNITED NATIONS CHARTER

General McNaughton has requested instructions as to what attitude the Canadian Delegation should adopt on this question. The United Kingdom Delegation has also asked for Canada's views.

2. This question has not been discussed in the Security Council since July 1947. At that time the five Permanent Members failed to agree on the initial contributions which they should make to the Armed Forces to be made available to the Security Council under the terms of Article 43 of the United Nations Charter. Subsequently, therefore, the Security Council referred back to the Military Staff Committee the question of what over-all strength and composition would be required for the Armed Forces of the United Nations. In July 1948, the Military Staff Committee reported that it would be unable to make any further progress until the Security Council had overcome the disagreements which existed among its Permanent Members on some of the principles governing the establishment of United Nations Armed Forces. This report was followed in August 1948 by another in the same vein and it seems apparent that the Military Staff Committee will be unable to do anything constructive unless the Security Council itself reaches agreement on the disputed general principles.

3. Since the beginning of this year, there have been informal discussions among the United Kingdom, United States, French, Chinese and Canadian Delegations in New York as to the advisability of raising this question in the Security Council at the present time. The attached United Kingdom Working Paper† outlines the pros and cons of bringing this subject once again before the Council. It shows that while the United Kingdom Government are reluctant to maintain a group of highly qualified representatives in New York with nothing to show for their work on the Military Staff Committee, they admit that this may not be an appropriate time to risk a propaganda debate in the Security Council.4. The Joint Planning Committee of the Chiefs of Staff has considered this matter and has concluded that it would not be appropriate at this time to draw attention to the disagreements which exist in the

Security Council on the whole question of the Military Staff Committee. The reasoning behind this conclusion is that a further airing of the fundamental disagreements between the Powers in the Security Council would not only fail to produce any agreement on the principles governing the Military Staff Committee but might also be used by the Russians for propaganda purposes as evidence that, having completed the North Atlantic Treaty, the Western Powers were not anxious to reach agreement under the United Nations.

5. Most recent advice from General McNaughton (telegram No. 372 of March 29)[†] is that the United Kingdom now admits that it would be useless to bring the question before the Security Council. The United States, Chinese and French Delegations are also opposed to any discussion of the Military Staff Committee at the present time.

6. In view of the above, I think it would be advisable to instruct our representative in the Security Council not to initiate any move to have this question reconsidered by the Council for the time being. On the other hand, we should, I think, not appear unwilling to discuss it if the Soviet Delegation should bring it up. If you approve, and if the Chiefs of Staff Committee agree with this recommendation, I suggest that we might send appropriate instructions to General McNaughton in the form of comments on the United Kingdom Working Paper.⁵⁹

J.W. HOLMES

217.

DEA/50188-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1162

New York, December 13, 1949

SECRET

Security Council Article 43.

1. Each time I have been President of the Security Council I have felt it my duty to consider carefully whether there would be anything to be gained, or any useful purpose to be served, in calling for formal Security Council consideration of the Implementation of Article 43 of the Charter. Accordingly, two weeks ago I enquired privately of the United Kingdom, United States and French delegations what their views were on the desirability of Council consideration at this time.

2. The United Kingdom delegation, after consideration, advised us that in their view it was definitely undesirable. The Council would not at this time get anywhere in this matter; agreement with the U.S.S.R. on the Military Staff Committee appears not only impossible but probably undesirable; and there would in the view

⁵⁹ Le Comité des chefs de l'état-major étaient d'accord, et un télégramme fut envoyé le 22 avril 1949. The Chiefs of Staff Committee agreed and a telegram was sent on April 22, 1949.

of the United Kingdom be no propaganda advantage to the West in raising the matter at this time.

3. The French delegation said that if we proposed to raise the question, they would be willing to participate in discussions, but they did not themselves suggest doing so.

4. Maffit of the United States delegation has now told Arnold Smith that after consultation with Washington they had decided to advise us not to raise the question at this time. They did not object in principle, but they are at present re-examining the whole question of Article 43, and the relation of atomic weapons and conventional armaments to each other and to this article. The examination will not be completed for some time and they would therefore be embarrassed if the question were raised at present.

5. I propose to take no further action on this matter.

SUBDIVISION XV/SUBSECTION XV
FORCE DE GARDE DES NATIONS-UNIES
UNITED NATIONS GUARD FORCE

218.

DEA/5475-DK-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], April 12, 1949

VII. *United Nations Guard Force*

16. The Committee had for consideration a report by the Joint Planning Committee concerning the proposed organization of the United Nations Guard Force as drafted by the Secretary-General.

(Memorandum JPC 19-12 of 4th April, 1949, from Secretary, Joint Planning Committee—CSC 2-4-1-1 of 8th April).†

17. *The Under-Secretary of State for External Affairs* explained that two proposals were now being sponsored at the United Nations as to the committee which should handle the subject of the United Nations Guard Force. The first proposal was that the matter should be considered by the Interim Committee. However, as the U.S.S.R. were opposed to both the organization and work of the Interim Committee, they had requested that the matter be considered by a special sub-committee of the General Assembly. As the committee problem might be resolved at an early date, the recommendations of the Chiefs of Staff concerning the proposed organization of the United Nations Guard Force were required for transmission to the Canadian Delegate.

18. *The Chief of the General Staff* observed that the United Nations Guard Force was to be entirely non-military in character and that its duties were primarily those

associated with police or protective organizations. The personnel required for the proposed force should be provided by police forces rather than by military forces.

19. *It was agreed*, after further consideration:

- (a) that the personnel for both the permanent establishment and the reserve should be drawn from sources other than the military forces;
- (b) that the organization recommended by the Secretary-General was acceptable;
- (c) that only the nucleus permanent establishment should be formed initially;
- (d) that national reserves for the United Nations Guard Force should not be recruited until the permanent force organization was in existence; and
- (e) that the national reserve personnel for the United Nations Guard Force should be enlisted and trained through a permanent existing organization of the country concerned.

219.

DEA/5475-DK-40

*La délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 181

New York, October 28, 1949

United Nations Guard.

The ad hoc (Political) Committee took up consideration of this item on October 24th. The item on the agenda was the report of the Special Committee which contained two draft resolutions (see PS/10 Appendix A of the commentary).

The general debate on the report of the Special Committee revealed that the proposal for a field service received considerable support, while the proposal for a panel of field observers met with some opposition.

You will recall that the method of establishing the panel as described in the report of the Special Committee is as follows:

- (a) The various Governments will furnish a list of names of men recruited both within and outside the Government services which they will recommend as observers to the Secretary-General;
- (b) The Secretariat of the United Nations will then select field observers from these names having regard both to their professional competence and geographical distribution;
- (c) The Secretariat would finally be responsible to keep this list up to date.

The delegations of the United Kingdom and New Zealand were of the opinion that it was impractical from an administrative point of view for the United Nations Secretariat to keep this list current in such a way that it will be useful when an emergency occurs as the names appearing on the list may not be available when called up to serve.

The Canadian delegation, in a statement made on October 26th, suggested, as a compromise, that instead of the Secretariat being given the responsibility of keeping the panel up to date, the national Governments themselves undertake that responsibility. The Secretariat role will consist only of transmitting to the various Governments a statement of the qualifications required by the observers and the number of observers that will be required from each country. In this manner the Secretariat would have on its list only names of persons available for immediate service.

It was not necessary to introduce this suggestion as an amendment, as the representative of the United Nations Secretariat undertook to follow this suggestion in establishing the proposed panel of observers.

An amendment introduced by Israel seeking to place the United Nations field service at the disposal of United Nations missions, only at the request of the Security Council or the General Assembly, was withdrawn owing to lack of support.

A Lebanese amendment which would have

(a) Curtailed the functions of the field service personnel in favour of the local services;

(b) Authorized, in certain instances, the carrying of side-arms by field observers, and

(c) Made the names of the field observers subject to the approval of the state where they will be called upon to serve, was defeated.

The Canadian delegation voted against this Lebanese amendment on the ground that the United Nations missions should not have to rely primarily on the local services for protection; that field observers do not normally need side-arms and that impartiality of field observers could only be ensured if their selection could not be influenced by the country where they are called upon to serve.

The first resolution relating to the field service was adopted October 27th by thirty-eight in favour (including Canada) five against and eight abstentions. The resolution relating to the panel of field observers was adopted by twenty-eight in favour (including Canada) nine against and eighteen abstentions.⁶⁰

⁶⁰ Le 22 novembre 1949, l'Assemblée générale des Nations Unies approuva (46 contre 5, et 3 abstentions) une résolution à l'effet que le secrétaire général avait l'intention d'établir un service de campagne, et adopta (38 contre 6, et 11 abstentions) une résolution demandant au secrétaire général de préparer une liste de candidats qualifiés pour ce service (*Le Canada et les Nations Unies 1949*, p. 87).

On November 22, 1949, the U.N. General Assembly approved (46 to 5 with 3 abstentions) a resolution taking note of the Secretary-General's intention to establish a Field Service and adopted (38 to 6 with 11 abstentions) a resolution requesting the Secretary-General to develop a list of qualified individuals for the service (*Canada and the United Nations 1949*, p. 84).

3^e PARTIE/PART 3CONSEIL ÉCONOMIQUE ET SOCIAL ET AGENCES SPÉCIALISÉES
ECONOMIC AND SOCIAL COUNCIL AND SPECIALIZED AGENCIES

SECTION A

CONSEIL ÉCONOMIQUE ET SOCIAL
ECONOMIC AND SOCIAL COUNCIL

SUBDIVISION I/SUBSECTION I

ÉLECTIONS
ELECTIONS

220.

DEA/5475-B-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

DESPATCH 150

New York, April 5, 1949

SECRET

Sir,

1. I would refer to your despatch No. 18 of 6 January† and other correspondence concerning the suggestion that Canada might place an item on the Agenda of the 9th session of the Economic and Social Council which meets this coming July in Geneva.

2. You will recall that Dr. [George F.] Davidson, in his letter of 23 November to the Acting Under-Secretary of State for External Affairs,⁶¹ suggested among other things that it might be "of additional advantage to Canada during her absence from the Council if she were to demonstrate her interest in practical terms by placing one or two small but useful items on the Council Agenda for discussion at the two sessions in 1949." It was later agreed that rather than make an effort to get several minor items on the Agenda of the Eighth Session, we should plan to introduce some matter of importance at the Ninth session. This is confirmed by you in your despatch No. 18.

3. After giving this matter further consideration and in the light of Mr. Grande's experience in observing the meetings of the Eighth Session of the Council, I should like to submit for your consideration the opinion that Canada should not place an item on the Agenda of the Ninth Session. From remarks which were made from

⁶¹ Volume 14, Document 236.

time to time by various members of the Council it was quite apparent that most delegations fully appreciated our interest in the work of the Council by having an observer follow closely the proceedings of the Eighth Session. Indeed many times the question was asked "When is Canada going to again take its rightful place as a member of the Council?" Such delegations as those of the United Kingdom, the United States, and Australia seemed quite anxious that Canada should, in the near future again stand for re-election. It would seem that if we chose to do so there would not be much difficulty in our being re-elected. Indeed in my opinion most delegations would be very pleased to see us back. I would think, therefore, that whatever publicity we might have needed in order to help us get re-elected has already been achieved by means of our observing this past session of the Council, and I hope it will be possible for an observer to follow the Ninth Session of the Council which is to meet in Geneva.

4. This brings us then to the question of whether we should in addition place an item on the Agenda of the 9th session. It is our opinion that, for the reasons outlined above, this is not necessary from the point of view of establishing our continuing interest in the work of the Council. I would think that Canada, as any other member of the United Nations, should, of course, bring a matter to the attention of any of the organs of the United Nations if it is the considered opinion of the government that some item of international importance, especially if it directly affects Canada's interests, requires international action at a particular time. Unless there is some such matter which we think demands the attention of the Economic and Social Council this coming summer, it would not be in keeping with the principle expressed above if we were to bring some other matter to the attention of the Council at this time, no matter how helpful it might be. I would think that this principle is especially valid when a country is not a member of the Council. I say this realizing full well that, of course, any country has the right to raise an issue in the Council regardless of whether or not it is a member.

5. A further reason which I would advance for us not immediately to place an item on the agenda of the Ninth session in Geneva is that the Council's Agenda at that time will be even heavier than its Agenda at the 8th Session. This was pointed out by the President in his closing address. In addition to the Annual Reports of most of the regional commissions and specialized agencies, the Council will have on its Agenda the major world economic debate. The debate just held on this subject at Lake Success was of a preliminary nature only. Even more important and requiring more time will be the discussions arising from the reports which the Secretary-General is now preparing on technical assistance and economic development of under-developed areas. This is regarded by the Secretary-General as being a matter of outstanding interest and importance to the future work of the United Nations in the economic field, and obviously will take up a great deal of the Council's time. Therefore, if a non-member were to place a subject on the Agenda it would almost certainly not receive much consideration and indeed it might be postponed altogether.

6. I say all this because I do believe that the situation has changed since last November. There is one further point which I would like to mention and that is this. Dr. Davidson in his letter of November 23 pointed out that Canada's contribution

in the past to the work of the Council has been largely a second-hand one. He calls this perhaps one of the greatest weaknesses of the Canadian contribution. Canada is not alone in this position. As a matter of fact in checking over the fifty-three agenda items of the 8th Session, it has been brought home to me that not one of these was an original item placed on the Agenda by any member government. They were all either in the nature of reports from the Secretary-General, the specialized agencies or regional Commissions, or had previously been raised by non-governmental organizations, such as the W.F.T.U. and the A.F. of L.

7. Summing up, I believe that the suggestion that Canada appoint an observer to attend the meetings of the Council during 1949 was an excellent one. I believe that this action has been appreciated by the members of the Council and its significance has been noted. It would be my opinion that Canada could get re-elected without much trouble if we chose to stand for re-election. I think that someone (perhaps from the office of our delegation to the European office of the United Nations) should observe the meetings of the 9th Session of the Council this coming July in Geneva. Finally, for the reasons cited above I would think that it is neither necessary nor desirable that Canada should, at this time, place an item on the agenda of the Council.

I have, etc.

G. IGNATIEFF

for A.G.L. McNaughton, Permanent Delegate

221.

DEA/5475-B-5-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, July 8, 1949

CANADIAN MEMBERSHIP ON THE ECONOMIC AND SOCIAL COUNCIL

Background:

At the Ninth Session of the Economic and Social Council which opened on July 5, there will be considerable electioneering activity on the part of countries which hope to be elected, by the General Assembly in the fall, to the five Council seats which become vacant this year. The Canadian observer at the Ninth Session, Mr. N.F.H. Berlis, will certainly be approached both with requests for support and with inquiries whether Canada wishes to stand for election. Moreover, Dean Rusk of the U.S. State Department, in a recent conversation with Mr. Wrong, suggested that the U.S. would be glad to know whether Canada would accept election.

It is accordingly advisable to reach a decision on this point as soon as possible. I have prepared below brief notes which would perhaps be adequate if you wish to

bring the matter up in Cabinet more or less informally. If, however, you prefer to have the material in the regular Cabinet document form, it can be recast.⁶²

Considerations:

1. There are a good many projects initiated or developed in the Economic and Social Council which are of considerable interest to Canada, both from a general point of view and on account of their financial implications. The most important of these at the moment is the programme of technical assistance in economic development.

2. When this programme of technical assistance in economic development and other similar projects are discussed in the Economic and Social Council, it is desirable that "giving" countries such as Canada should be adequately represented, since otherwise the "receiving" countries are likely to call a very ambitious tune without much thought for those who will eventually pay the piper.

3. The membership of both the United States and New Zealand terminates this fall. We have fairly reliable information that New Zealand will not stand again, and it is accordingly desirable that this seat should be filled by a "have" rather than a "have not" country.

4. During its first term of membership (1946-1948) Canada contributed a good deal to the development of a sensible and efficient approach to general budgetary and administrative matters. It is easier to have proposals modified and improved at the beginning, than to have to fight this battle in the General Assembly itself.

5. Canada can also do something to prevent the Council from becoming merely another forum of propaganda to the detriment of its proper functions.

6. The Departments of Finance and National Health and Welfare, which with External Affairs have the greatest interest in the Council's activities and have done a large part of the work entailed by Canadian membership, would both favour Canada's re-election to the Council.

7. From reports made by the Canadian observer to the Eighth Session, it appears that Canada would have a very good prospect of re-election.

8. The cost of sending delegates to the Economic and Social Council on the basis of one session in Geneva and one in New York is, in round figures, about \$20,000 a year.

Recommendations

It is recommended:

1. that the decision be taken now to stand for re-election to the Economic and Social Council in the fall,⁶³

⁶² Note marginale:/Marginal note:
Not necessary [L.B. Pearson]

⁶³ Note marginale:/Marginal note:
Agreed. LB P[earson]

2. that the Canadian observer at the Ninth Session of the Council be authorized to let it be known in response to inquiries that Canada is a candidate for re-election.⁶⁴

A.D.P. H[EENEY]

222.

DEA/5475-B-5-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], August 8, 1949

ELECTIONS TO THE ECONOMIC AND SOCIAL COUNCIL

1. There are six vacancies in the Economic and Social Council to be filled at the General Assembly in the autumn. The retiring members are the Bielo-Russian S.S.R., Lebanon, New Zealand, Turkey, the United States and Venezuela.

The remaining members will be:

<i>Members</i>	<i>Term of Office Until December 31st</i>
Australia	1950
Belgium	1951
Brazil	1950
Chile	1951
China	1951
Denmark	1950
France	1951
India	1951
Peru	1951
Poland	1950
U.S.S.R.	1950
United Kingdom	1950

2. A list of states that might be supported by the Canadian Delegation in the elections to fill the six vacancies is given below with explanatory notes.

(i) *United States* In view of the important part to be played by the United States in the current programmes of technical assistance for economic development, it is most desirable that the United States should be re-elected to the Council. There is, I

⁶⁴ Notes marginales/Marginal notes:

We should let it be known that we are willing to stand but we need go no further than that
LB P[earson]
UNDiv[isio]n to note Minister's comment—if a passive willingness to stand is unproductive, we
can reconsider Jul 12 A H[eneey]

imagine, little doubt that the State Department will be counting on the re-election of the United States.⁶⁵

(ii) *Canada* A memorandum recommending that Canada should stand for election to the Council has already been submitted to you and approved.⁶⁶

(iii) *Mexico* We have been informed by the Mexican Government that Mexico is a candidate for election. Mexico has never been on the Council before. It is capable of making a sound contribution to the work of the organization and would be a reasonable choice to replace Venezuela. Considerable resentment would be caused amongst the Latin American countries if one of their number were replaced by a country from another geographical area. Haiti has solicited our support but it would obviously be far less useful in the organization than Mexico. Argentina has also asked for our vote but it seems preferable to us that one of the four Latin American members should be a country outside South America proper.⁶⁷

(iv) *Iran* Two "Near East seats"—Turkey and Lebanon—will fall vacant this year. Iran has notified us of its candidature and we have learned that the United States will "probably" support it.⁶⁸

(v) *Soviet Satellites* One of the two remaining seats will probably fall to a Soviet satellite. If it were decided to support a Soviet satellite, the choice might be between Yugoslavia and the Ukraine, both of which served a one year term in 1946. Present political conditions and tendencies in Yugoslavia may perhaps be regarded as weighting the scales in favour of that country rather than the Ukraine. Czechoslovakia has already served a two-year term of 1946–1947.⁶⁹

(vi) *Pakistan* One predominantly Moslem country (Turkey) and one country with a large Moslem population (Lebanon) will finish their terms on the Council this year. Even if Iran is elected, the Moslem countries may well press for a Moslem state to fill the sixth seat. The Pakistan Government has announced its candidature and has solicited our support. India is already on the Council and for political reasons within the Commonwealth it would, I believe, be very desirable for us to vote for Pakistan's election. This would tend to offset any jealousy which Pakistan might feel because of our support of India for the Security Council. Apart from these considerations, there is also a question as to just what the membership of China, which retains its seat until 1951, is likely to imply for the next two years. The possible transfer of Chinese support to the Soviet group might be counter-balanced in the Far East by the addition of Pakistan.⁷⁰

7. Whatever slate is tentatively decided upon, it will be desirable to discuss it as soon as possible with the United States and the United Kingdom.

⁶⁵ Les notes marginales 65–70 furent de la main de L.B. Pearson:

Marginal notes 65–70 were by L.B. Pearson:

Yes

⁶⁶ Yes

⁶⁷ Yes

⁶⁸ Yes

⁶⁹ I prefer Yugoslavia

⁷⁰ Yes

8. The political divisions and the Economic Division have been consulted and are in agreement with these suggestions.

9. I should appreciate your views on the proposals contained in this memorandum.⁷¹

E[SCOTT] R[EID]

SUBDIVISION II/SUBSECTION II

AIDE TECHNIQUE AU DÉVELOPPEMENT ÉCONOMIQUE
TECHNICAL ASSISTANCE FOR ECONOMIC DEVELOPMENT

223.

PCO/Vol. 113

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

Ottawa, April 5, 1949

UNITED NATIONS FELLOWSHIPS UNDER A PROGRAMME OF TECHNICAL ASSISTANCE
IN ECONOMIC DEVELOPMENT

Background

Resolution 200 (III), adopted by the General Assembly at the First Part of the Third Session, authorized the Secretary-General, among other things, to arrange for facilities for the training abroad of experts in under-developed countries through the provision of fellowships for study in countries which have reached a high level of technical development. The Secretary-General has now enquired whether the Canadian Government would be prepared to receive a small number of U.N. Fellows into the appropriate Departments of Government for short periods of technical training lasting from three to six months. The subjects included in the programme cover a wide range from medicine to statistical methods.

Considerations

1. Technical assistance in economic development has become a subject of rapidly increasing importance in the U.N. Point Four of President Truman's inaugural address, in which he indicated that the United States was prepared, through the U.N. and specialized agencies, to do much to make U.S. technological advances generally accessible, has intensified interest in the subject.

2. In view of this strong and continuing drive towards industrialization on the part of the "under-developed countries", it would be an obvious advantage to Canada

⁷¹ Les pays élus furent le Canada, la Tchécoslovaquie, l'Iran, le Mexique, le Pakistan et les États-Unis.
The countries elected were Canada, Czechoslovakia, Iran, Mexico, Pakistan and the United States.

2. In view of this strong and continuing drive towards industrialization on the part of the "under-developed countries", it would be an obvious advantage to Canada that advanced students from these regions should become familiar with Canadian methods and equipment.

3. If a programme of this kind could be successfully worked out, it would be a genuine and valuable contribution to international understanding.

4. The Canadian Government would incur no financial obligation by co-operating in the project, since the expenses would be borne jointly by the U.N. and the governments which nominate Fellows.

5. Officers of the Departments which deal with the various types of technical work in question have been consulted and have indicated that it would be possible to make arrangements to receive a limited number of Fellows for short courses in technical training.

Recommendations

It is recommended:

1. That the Secretary-General be informed that the Canadian Government is prepared to co-operate in carrying out this programme;

2. that in view of the number of other Government agencies which would be concerned, including the Civil Service Commission, the Department of External Affairs should be responsible for the co-ordination of the necessary arrangements.⁷²

A.D.P. HEENEY

for Secretary of State for External Affairs

224.

PCO/Vol. 113

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

Ottawa, December 20, 1949

On November 16, 1949, the General Assembly of the United Nations unanimously approved a resolution providing for an expanded programme of technical assistance for the economic development of under-developed countries. For the information of Cabinet, the attached memorandum has been prepared describing the purposes and mode of operation of the proposed Technical Assistance Programme, together with some of the reasons why a financial contribution from Canada may be recommended for your consideration at a later date.

2. The General Assembly resolution requests that all member governments make voluntary contributions to the Technical Assistance Fund. No objective has been set but the Canadian delegation estimates that the total amount of contributions will be

⁷² Le Cabinet approuva en principe cette recommandation, le 3 mai 1949.
Cabinet approved this recommendation in principle on May 3, 1949.

about \$30 million. The Technical Assistance Conference is to be convened by the Secretary-General of the United Nations, probably in mid-March 1950, to receive statements concerning contributions and to discuss the manner in which amounts from the Technical Assistance Fund are to be allocated to various specialized agencies, and to consider financial arrangements generally.

3. At the Conference, delegates will be invited to indicate as definitely as possible whether their governments will contribute and in what amount. Australia, New Zealand and a few other delegations have indicated that definite amounts have already been approved for contribution by their governments. The United Kingdom and France have stated that they will make substantial contributions in services and in non-transferable funds. President Truman, in his inaugural speech of January 20, 1949, and on several subsequent occasions, has stated that the United States will strongly support a programme of technical assistance for economic development.

4. Contributions may be in forms other than convertible currency. Consideration might be given to a Canadian contribution which would consist of a deposit in an account in Canada to the credit of the United Nations, withdrawals to be made from time to time for such purposes as may be agreed upon by the Secretary-General and the Canadian Government.

5. General instructions are now being drafted for the guidance of the Canadian delegation to the Economic and Social Council which begins February 7, 1950. Furthermore, the participating Specialized Agencies are beginning to make plans preparatory to the implementation of the Technical Assistance Programme. Accordingly, I have felt that it would be desirable to bring the subject before you at this time in order that Cabinet may be fully informed on this subject and may indicate its general support of the Expanded Programme for Technical Assistance.⁷³

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

SECRET

MEMORANDUM ON EXPANDED TECHNICAL ASSISTANCE PROGRAMME

1. The primary purpose of the Expanded Technical Assistance Programme is to improve general economic and social conditions in under-developed countries. The proposal is not to provide relief, but to help these people help themselves.

2. Under-developed countries may be defined as countries in which the economy is generally of low productivity and where an extremely low standard of living prevails amongst the mass of the population. In particular, three countries of the Commonwealth, India, Pakistan and Ceylon, can be considered to be among the under-developed countries.

3. The methods of providing Technical Assistance include the following:

⁷³ Le Cabinet nota ce rapport et approuva la participation du Canada à la conférence des Nations Unies sur l'aide technique.

The Cabinet noted this report and approved Canada's participation in the U.N. Technical Assistance Conference.

(a) Training both in technologically advanced countries and at home in agricultural and industrial techniques, and in such basic administrative techniques as public finance and compilation of statistics;

(b) Survey missions to recommend what economic development can usefully be undertaken in an area;

(c) Setting up, when appropriate, pilot projects.

4. The Technical Assistance Programme is designed to recommend the type and degree of economic development which would be most suitable for the countries which may apply for assistance in increasing their economic productivity. In addition, the Programme would provide training personnel from the advanced countries and would also undertake to provide for the training of personnel from backward countries.

5. The country concerned must, however, make its own arrangements for obtaining the capital required to carry out the recommendations. The country being assisted must determine whether domestic capital, foreign private capital, foreign government loans or loans from the Inter-Bank for Reconstruction and Development are to be used. Some assurance that such funds will be available will normally be required before an extensive project of technical assistance is approved.

6. Applications for assistance originate with the government of the country concerned and are directed to any of the Specialized Agencies or the United Nations. Technical Assistance which involves more than one Specialized Agency is considered by the Technical Assistance Board (TAB) which is composed of the Directors-General of all participating Specialized Agencies.

7. The participating Specialized Agencies are:

Food and Agriculture Organization

International Civil Aviation Organization

International Labour Organization

United Nations Educational, Scientific and Cultural Organization

World Health Organization

Other Specialized Agencies of the United Nations have indicated their unanimous agreement to participate in the Programme should their services be requested.

8. The Economic and Social Council meets only twice a year. Therefore, a Technical Assistance Committee, consisting of representatives of each of the eighteen countries comprising the Council, has been approved. Since Canada will be a member of the Council for three years beginning January 1, 1950, it may be expected that Canada will have a strong voice in determining the nature of the Programme and in ensuring its success. The terms of reference of the Technical Assistance Committee as set out in the resolutions of the Economic and Social Council include:—

(a) To make for the Council critical examinations of activities undertaken and results achieved under the expanded programme of technical assistance;

(b) To examine each year's programme presented to it by the TAB and report to the Council concerning it, making such recommendations as it may deem necessary;

(c) To interpret this resolution in cases of conflicts or questions submitted to it by the TAB, through its Chairman, and decide any such conflicts or questions;

(d) To receive reports from the TAB on progress and implementation of, and disbursements of funds under the expanded programme;

(e) To review the working relationships between the participating organizations and the effectiveness of the methods of coordination in connection with their technical assistance programmes, making recommendations when appropriate;

(f) To perform such other relevant functions as the Council may assign to it from time to time.

9. In addition, governments will have control over the expenditure of funds through their representatives both at the annual conferences and at meetings of the governing bodies of the Specialized Agencies.

10. Governments requesting assistance are, wherever possible, to meet all expenditures of local currency required. The Technical Assistance Fund is needed for payment of salaries of experts, costs of training in technologically advanced countries, and other items payable in foreign funds. For this reason, the estimated total amount required for the Technical Assistance Fund is comparatively small. The most important contributions, as one delegate to the United Nations expressed it, are "The know how and show how".

11. A number of cogent reasons for a Canadian contribution to the Technical Assistance Fund are included below.

(1) *Canadian Support for the Technical Aid Programme at the General Assembly* The resolution on technical assistance has been approved unanimously by the General Assembly and was supported by the Canadian delegation.

(2) *To Encourage Investment in Under-Developed Countries* One of the early effects of a successful programme should be to create in under-developed countries a suitable investment climate, particularly for United States private capital. At present those conditions do not exist and private capital is unwilling to take the risk. If, as a result of the Programme, United States investments abroad are substantially increased, the resulting circulation of United States exchange should be to the advantage of Canada.

In addition, the increase of United States investments abroad would do much to redress the chronic dollar deficit of the Sterling Area. Such a development would be in keeping with the resolution made at the Tripartite Financial Conference in Washington to encourage dollar investment in the Sterling Area.

(3) *To Discourage the Growth of Economic Nationalism* The successful development of this Programme would discourage the rise of economic nationalism and lead toward a more extended multilateral system in international trade. Technical experts, retained on the international level, would presumably not encourage the establishment of industries producing commodities which would not compete in price or quality with those produced in other parts of the world. Thus, the establishment of un-economic "infant" industries requiring to be protected behind high tariff walls would be discouraged. In consequence, international action in directing the

development of new industry in backward countries, would serve as an additional step toward the evolution of a multilateral world trading system.

(4) *To Develop New Markets for Canadian Products* An increasing total volume of world trade is important to Canada. At present most under-developed countries are unable to buy from us. The era of extensive expansion of world trade by opening up new geographical regions is now drawing to a close; world trade must now look toward intensive expansion by increasing consumer demands. Improved economic and social conditions in under-developed countries should provide an important outlet for the products of Canadian agriculture and industry.

(5) *To Develop Goodwill for Canada* There is an advantage to Canada in having Canadian experts and businessmen assist in the development of other countries and in having persons from other countries visit Canada to learn techniques. Those who are being trained as leaders in the under-developed countries will presumably thereby be influenced in favour of Canadian-produced farm implements, machinery, etc., and furthermore future students, will likely follow earlier ones to Canada for training at their own expense. There should also be advantage to Canada from sending experts to under-developed countries who can in turn make recommendations to Canadian producers with respect to the sort of goods which are likely to prove most attractive to the foreign market.

(6) *To Encourage Political Stability in Backward Countries* There is an evident surge of peoples, particularly in Asia, seeking a more advanced state of economic and social well-being. This surge parallels the recent successful demands of countries in that area for complete political independence. The Technical Assistance Programme, from the point of view of the advanced countries of the west, is an opportunity to channel this new demand so that the under-developed countries will gradually achieve their purpose by evolution instead of revolution. If the latter should occur, world Communism would be quick to take advantage of it.

SUBDIVISION III/SUBSECTION III

CONVENTION INTERNATIONALE SUR LES ROUTES ET LA CIRCULATION DES
VÉHICULES MOTORISÉS
INTERNATIONAL CONVENTION ON ROAD AND MOTOR TRAFFIC

225.

DEA/10333-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], February 18, 1949

INTERNATIONAL CONVENTION ON ROAD AND MOTOR TRAFFIC

The Secretary-General of the United Nations has announced that there will be a conference on road and motor transport to be held not later than August, 1949, with the object of concluding a new world-wide convention on road and motor transport to replace two earlier conventions of 1926 and 1931 which are now obsolete and were applicable only to European states. The forthcoming conference is to be international, although it is apparent from the draft convention, and from U.S. comments upon it, that various of the proposed articles are not appropriate for adoption by the United States and Canada.

2. The conference will try to establish international rules for motor traffic, standardization of road signs and signals, regulations for trailers, agreements for motor registration, driving permits valid for all countries, and the conference will also be concerned with technical matters such as the design of road signals, brakes and lights, and the maximum weight and dimensions of vehicles which the signatory countries will allow on their sections of the international roadway network.

3. The United States government is planning to send a large delegation, in which will be included representatives of the American Association of Motor Administrators (a body which is composed of officials, from the forty-eight states, who are concerned with road and motor transport). In addition, the United States delegation will include representatives of the Departments of Commerce, Treasury, Customs, State, Transport, and officers of the Interstate Commerce Commission and of the Treaty Division.

4. Since the United States is taking a leading part in drafting the proposed convention, and since the convention will deal with many matters of passenger and freight motor traffic with which Canada and the United States are concerned, it is thought that Canada should be represented at this conference. The Deputy Minister of Transport has stated that Canada should be represented, although the interest of the Department of Transport in this matter is limited to its effect upon freight and passenger earnings of the Canadian National Railway.

5. Since the matters to be dealt with at the conference fall entirely within the competence of the provinces, the nomination of a Canadian delegation will be somewhat difficult. It is suggested to your consideration that there are four possibilities:

(a) That Canada be represented only by an observer from one of the missions abroad.

(b) That each of the nine provinces be invited to send a delegate, under the chairmanship of a representative of the Canadian Government.

(c) That two or three only of the provinces be invited to send delegates, to represent the provinces on the Canadian delegation.

(d) That the Canadian delegation consist of a representative named by the Canadian Government (possibly the Minister of Transport) advised by four other⁷⁴ expert persons also named by the Government and chosen from various parts of the country because of their special knowledge of road transport problems. It is probable, too, that the Canadian delegate should be advised by a representative of the Customs Branch of National Revenue. The provincial governments would be informed that the conference was taking place and would be sent copies of the agenda. They would be told of the arrangements being made for representation and it would also be stated that the Government would be glad to instruct the delegation to put forward any suggestions or proposals which the provincial governments wish to make. It would be made clear, however, that the Canadian delegation would have no power to sign⁷⁵ an international convention and that if any international covenant was approved at the conference, it would be referred to each province before signature and ratification.

6. It is suggested that the last possibility is the most desirable. It would be difficult to send a delegation representing all nine or ten provinces and it would be invidious to invite only certain provinces to take part in this conference. A Canadian delegation, however, composed of a representative of the Canadian Government and advised by four Canadian experts outside the Government service would be open to relatively slight objections on the part of the provinces.⁷⁶

7. If you agree with this suggestion, consideration will be given to the selection of four automotive and transport experts chosen from various parts of the country and also chosen, if possible, in such a way that highway construction interests, tourist interests, and traffic control interests would be indirectly represented.

E[SCOTT] R[EID]

⁷⁴ Note marginale:/Marginal note:
Wouldn't three be enough? LB P[earson]

⁷⁵ Note Marginale:/Marginal note:
?Ratify [L.B. Pearson]

⁷⁶ Note marginale:/Marginal note:
I agree LB P[earson]

226.

DEA/10333-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

Ottawa, May 16, 1949

UNITED NATIONS INTERNATIONAL CONFERENCE ON ROAD AND MOTOR
TRANSPORTATION,
GENEVA, AUGUST 23 TO SEPTEMBER 17, 1949

You will recall that on April 29 last you concurred in a recommendation of the Deputy Minister of Transport that the Canadian delegation to the above-mentioned Conference should be composed as follows:

The Minister of Transport, or his nominee, as Head;
Representatives of the Canadian Good Roads Association, the Engineering Institute of Canada and the Royal Automobile Club of Canada, as advisers;
An officer of the Department of Transport, possibly as Secretary.

2. The original decision to send a delegation to this Conference was taken on the strength of a letter dated January 29 from the Deputy Minister of Transport, who said he was convinced Canada should attend the Geneva meetings. On April 7 Mr. Lessard wrote that he had discussed the proposed composition of the delegation with his Minister, who asked him to inform this Department that the Department of Transport would be prepared to nominate one of its officers to head the delegation mentioned in paragraph one above.

3. On Saturday, May 14, Mr. Lessard informed the United Nations Division by telephone that he had been discussing this Conference further with the Minister of Transport and that Mr. Chevrier now had some doubts about the wisdom of sending a five-man delegation to Geneva, especially since the Department of Transport is only indirectly interested in the subject matter of the Conference. In view of this, Mr. Lessard agreed that you might wish to review the whole question of the nature of Canadian participation.

4. While the Road and Motor Transport Conference is under United Nations sponsorship, I do not think we should incur the expense of sending a delegation from Canada if the Department of Transport is not particularly interested. As you know, this Conference deals with matters under the sole jurisdiction of the Provinces and it is unlikely that Canada could ever ratify any Convention adopted at the meetings, since such ratification would be subject to the approval of all ten Provinces.

5. In view of the above, I recommend that the present plan to send a five-man delegation from Canada to the Road and Motor Transport Conference be abandoned and that Canadian participation in the Conference be limited to an observer or two from our European Missions. Without being empowered to enter into any

engagements on behalf of Canada, these observers would be instructed to report back so that we could keep the Provinces fully informed of the proceedings and decisions taken.⁷⁷

A.D.P. H[EEENEY]

SUBDIVISION IV/SUBSECTION IV

LIBERTÉ D'INFORMATION ET DE LA PRESSE
FREEDOM OF INFORMATION AND OF THE PRESS

227.

DEA/5475-W-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa], May 6, 1949

FREEDOM OF INFORMATION AND OF THE PRESS

This is a brief report for information.

Since April 7 the Third Committee of the United Nations General Assembly has been debating two of the Draft Conventions produced by the United Nations Conference on Freedom of Information at Geneva in March and April, 1948. It has completed the text of a new draft convention incorporating, with a good many amendments, the substantive portions of the Draft Convention on the Gathering and International Transmission of News, and the Draft Convention on the Institution of an International Right of Correction. The new draft convention is entitled "Convention on the International Transmission of News and the Right of Correction".

Under the First (Geneva) Draft Convention—on the Gathering and International Transmission of News—contracting states would undertake to permit the widest possible access to news for all foreign correspondents on the same basis as for national correspondents. Under the Second (Geneva) Draft Convention—on the Institution of an International Right of Correction—contracting states would set up a procedure for the correction of erroneous reports. At Geneva the Canadian delegation voted in favour of both Draft Conventions, but made a reservation on Article 4 of the First Convention, which implied an acceptance of the principle of prior censorship in peacetime.

⁷⁷ Note marginale:/Marginal note:

Minister approves this recommendation—proceed accordingly May 16 A H[eeney]
J.A. Irwin, secrétaire de la légation à Prague, participa à titre d'observateur à la conférence de Genève.

J.A. Irwin, Secretary of the Legation in Prague, attended the conference in Geneva as an observer.

From the Canadian point of view some difficulties have arisen in connection with Articles 4 and 9 of the Draft Convention on the Gathering and International Transmission of News.

Article 4. This article established the principle of free egress of news without censorship, except in the interests of "national military security". Our objection in principle was undermined by the discovery that we had admitted the principle of prior censorship in peacetime in the International Telecommunications Convention of 1947. In the end Article 4 was amended to provide that censorship might be exercised only in the interests of "national defence".

Article 9. This article, as adopted, contained a paragraph stating that "It is the duty of information agencies and foreign correspondents to report the facts without discrimination...", etc. Our delegate objected to this paragraph on the grounds that enforcement of duties on correspondents would lead to the totalitarian practice of instructing correspondents as to what they might write.

The Mexican delegation which had sponsored the offending paragraph has, under pressure from the United States delegation, agreed to amendments which, if adopted, will meet our objections. Our delegate has been instructed to vote in favour of the whole Convention if these amendments are, in fact, adopted.

Since April 29 the Committee has been debating the Third of the Geneva Draft Conventions which proposed to establish certain basic freedoms of nationals and non-nationals alike to impart and receive information and opinions. The Committee has adopted a thoroughly unsatisfactory Article 2 which waters down the undertaking to guarantee the freedoms listed in Article 1. Prolonged discussion has led to a stalemate, and it is probable that further consideration will be postponed until the next General Assembly.⁷⁸

A.D.P. H[EENEY]

⁷⁸ On peut lire le compte rendu de la discussion à l'Assemblée générale dans *Le Canada et les Nations Unies 1949*, pp. 105-109.

For an account of the discussion in the General Assembly, see *Canada and the United Nations 1949*, pp. 101-105.

SUBDIVISION V/SUBSECTION V

CONFÉRENCE SCIENTIFIQUE SUR LA CONSERVATION ET L'UTILISATION DES
RESSOURCES

SCIENTIFIC CONFERENCE ON THE CONSERVATION AND UTILIZATION OF RESOURCES

228.

DEA/5475-BV-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

Ottawa, May 7, 1949

UNITED NATIONS SCIENTIFIC CONFERENCE ON THE CONSERVATION AND UTILIZATION
OF RESOURCES

A memorandum dated April 13, recommending approval of Canadian participation in the UNSCCUR has been discussed by Cabinet without a decision being reached. It will be reconsidered at the Cabinet meeting on Monday, May 9.⁷⁹ Previously Cabinet had shown some reluctance to approve the submission. You may wish to make use of the following arguments in presenting this question to Cabinet. I understand that the Minister of Mines and Resources will not be present at Monday's Cabinet meeting. The Department of Mines and Resources are primarily responsible for organizing the Canadian delegation and have strongly supported Canadian participation. The Departments of Agriculture and Fisheries are also planning to participate in the Conference.

1. The Conference is intended to provide an opportunity for experts from all countries to exchange information and to become acquainted with each others' work on such matters as soil erosion, floods, crop failures, improved methods of mineral discovery, etc. The Canadian representatives should be expected to receive new information and ideas, to discover new sources of information, and to make useful contacts.

2. The Conference was suggested by President Truman and is being strongly promoted by the United States Government. Although we had originally been sceptical of the advantages of such a Conference, it has been our view that we could not decently refuse to participate, once the decision had been taken to hold the Conference.

⁷⁹ Lors de cette réunion, le Cabinet approuva la participation canadienne à la conférence et attribua la responsabilité de la composition de la délégation au secrétaire d'État aux Affaires extérieures, au ministre des Mines et des Ressources, et au ministre du Commerce.

At that meeting, Cabinet approved Canadian participation in the conference and left the composition of the delegation to the Secretary of State for External Affairs, the Minister of Mines and Resources and the Minister of Trade and Commerce.

3. So far as we know, most member countries of the United Nations will be sending delegations. It would be embarrassing for us, in view of our proximity to New York and in view of our special interest in and special understanding of the problems to be discussed, to be one of the very few countries not taking part. The Conference will almost certainly be accompanied by much publicity, and the absence of a Canadian delegation would probably be noted abroad and at home.

4. Much serious and competent preparatory work has already been done for the Conference. Members of five government departments, as well as members of the National Research Council, representatives of various Canadian industries, the scientific faculties of Canadian universities, and of the Ontario Research Foundation, among others, have been at work on the preparation of 23 papers.

5. While we are members of the United Nations "club", we ought to participate in its major activities. There may be activities proposed of which we do not entirely approve, but we ought to accept the majority decision and take part unless there are very strong reasons for our not doing so.

6. The proposed delegation has been carefully chosen to include, in addition to the Deputy Minister of Mines and Resources and the Special Assistant to the Minister of Agriculture, five delegates, each of whom is an expert in one of the fields to be covered. We could scarcely reduce the delegation below this minimum. It is intended that this group should be augmented by about 10 other specialists who would attend for shorter periods. If we are to put up the best possible team, it would be advisable not to cut the delegation. However, if it is necessary in order to secure approval, the delegation could be trimmed by reducing the number of extra specialists and the time which they should spend in New York.

A.D.P. H[ENEY]

SUBDIVISION VI/SUBSECTION VI

COMMISSION SUR LES NARCOTIQUES
COMMISSION ON NARCOTIC DRUGS

229.

DEA/8-T-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], July 12, 1949

RE-ELECTION OF A CANADIAN REPRESENTATIVE TO THE NARCOTICS COMMISSION

The Economic and Social Council now in session at Geneva will be electing a complete new slate of members to the Commission on Narcotic Drugs. I think it would be desirable for the Canadian Observer to be informed of the Government's position regarding re-election to the Commission.

2. At its Eighth Session, the Council decided "The Commission shall be composed of 15 members of the United Nations which are important producing or manufacturing countries, or countries in which illicit traffic in narcotic drugs constitutes a serious social problem". Ten members of primary importance in these fields are to be appointed to membership of the Commission for an indefinite period until such time as they may be replaced by decision of the Economic and Social Council. The term of the other five members is to be three years. They will be eligible for re-appointment.

3. The present membership of the Commission on Narcotic Drugs is as follows: Canada, China, Egypt, France, India, Iran, Mexico, Netherlands, Peru, Poland, Turkey, Union of Soviet Socialist Republics, United Kingdom, United States of America, Yugoslavia.

4. Canada is a country in which illicit traffic in narcotic drugs constitutes a serious social problem. Figuring on the basis that a grain of any of the important narcotics costs \$20 in the illicit market in Canada, it has been roughly estimated that, in order to maintain the appetites of the 2,000 addicts known in Canada, it costs the Canadian economy about \$40,000,000 a year in terms of thefts, etc., by addicts. The estimates of the Narcotic Control Division of the Department of National Health and Welfare total \$110,000 a year. The costs of maintaining the narcotic squads of the R.C.M.P. is considerably higher than this. The Archambault Report, analysing the cases of 188 recidivists who average 19 convictions each, estimated that they cost the Government \$18,000 each for arrest, trial and conviction for a total of over \$3 million. Their maintenance in jails, reformatories and penitentiaries amounted to another \$1 million. These are pretty impressive figures for the 188 cases studied. Total costs for the arrest, trial and jail terms of first offenders and addicts convicted on other counts would be quite high. Altogether, Canada has a very considerable economic interest in keeping the illicit international traffic in narcotic drugs to a minimum.

5. Canada has had a long record of participation in international control of narcotic drugs by means of the eight multilateral international conventions, of the work of the League of Nations and United Nations. The Canadian representative on the Narcotics Commission, Colonel C.H.L. Sharman, speaks with authority second only to that of Mr. Analinger, U.S. Commissioner of Narcotics. Colonel Sharman was Chairman of the Commission for its first two years of operation under the United Nations. For varying reasons, not all countries have the same interest as Canada and the United States in maintaining the highest standards of control over the illicit international traffic in drugs. It would appear to be strongly in our interest to maintain membership in the Narcotics Commission. The Deputy Minister of National Health, Dr. Cameron, supports this view.

6. Colonel Sharman is the representative of the Narcotics Commission on the four-man Drug Supervisory Body which examines the narcotics estimates of countries. If Canada did not stand for re-election, the balance of this Body would be seriously upset.

7. From the informal discussions with representatives of the states now members of the Narcotics Commission, it is evident that all are anxious to have Canada re-

elected to indefinite membership in the Commission. I think there is little doubt but that this will take place. Nevertheless, I shall be glad to have your approval for the issue of instructions to the Canadian observer at the present session of the Economic and Social Council to inform other delegations that Canada will stand for re-election to membership in the Narcotics Commission.⁸⁰

H.O. M[ORAN]
for A.D.P. H[eeney]

SUBDIVISION VII/SUBSECTION VII

COMMISSION SUR L'ÉCONOMIE ET L'EMPLOI
ECONOMIC AND EMPLOYMENT COMMISSION

230.

DEA/5475-BU-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], July 29, 1949

CANADIAN MEMBERSHIP ON THE ECONOMIC AND EMPLOYMENT COMMISSION

The term of office of Mr. J.J. Deutsch, the Canadian member on the Economic and Employment Commission, expires on December 31, 1949, and elections to fill the seat will take place at the present session of the Economic and Social Council.

2. The Department of Finance has recommended that we make an effort to keep a Canadian member on the Commission and has informed us that Mr. Deutsch is willing to stand for re-election. Mr. Deutsch has played a very active part in the work of the Commission and is fairly sure to be elected if he stands.

3. The Economic and Employment Commission was the first of the functional commissions of the Economic and Social Council to be established and was given a very wide mandate. Its work so far has been disappointing. The deficiency has been partly due to the organization forced on the Commission by the Economic and Social Council, which instructed it to set up two sub-commissions for the purpose of doing preliminary research and preparing proposals and recommendations for discussion. This procedure has not worked satisfactorily and the Commission, largely on the initiative of Mr. Deutsch, has now recommended that the sub-commissions be abolished, leaving the preparatory work to be done by ad hoc groups of experts in cooperation with the U.N. Secretariat. The other difficulty has been the proliferation of the regional economic commissions, which have been popular with the so-called under-developed countries because they are apt to be more responsive

⁸⁰ Le 5 août, le Canada fut un de dix pays élus par le Conseil économique et social, pour un temps indéterminé, à titre de membre de la Commission sur les narcotiques.
On August 5, Canada was one of ten countries elected by the Economic and Social Council to an indefinite term as a member of the Narcotics Commission.

to the views and requirements of particular members or groups of members. Canadian policy has always been opposed to the multiplication of these regional organs. The usefulness of the regional commissions is to be reviewed by the United Nations in 1951 and the Department of Finance points out that it would be useful to have a Canadian member on the Economic and Employment Commission at that time for the purpose of doing what he can to check the growth of regional organs.

4. The Canadian observer at the Ninth Session of the Economic and Social Council has already, on ministerial instruction, been told to let it be known that Canada is a candidate for re-election to the Statistical Commission and the Narcotic Drugs Commission.⁸¹ I recommend that he be asked to take similar action with regard to the Economic and Employment Commission.⁸²

A.D.P. H[EENEY]

SECTION B

ORGANISATION DES NATIONS UNIES POUR L'ALIMENTATION ET L'AGRICULTURE FOOD AND AGRICULTURE ORGANIZATION

231.

PCO/Vol. 124

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

Ottawa, November 17, 1949

MEMORANDUM OF INSTRUCTIONS TO THE CANADIAN DELEGATION TO THE FIFTH
SESSION OF THE FAO CONFERENCE, WASHINGTON, NOVEMBER 21, 1949⁸³

1. Admission of Indonesia

In view of the fact that the United States of Indonesia has not yet come into legal existence, the Canadian delegation to the FAO conference may support this application for membership if it is understood that Indonesia would not become a member until it is a sovereign state. However, it would not be appropriate for the Canadian delegation to take the lead in delaying Indonesia's admission. Therefore,

⁸¹ Le Canada ne fut pas ré-élu membre aux Commissions sur les statistiques et sur la population, mais il continua à servir à la Commission sur l'économie et l'emploi, la Commission sociale, et la Commission sur les narcotiques. À la neuvième session du Conseil économique et social, le Canada fut élu pour la première fois membre de la Commission fiscale.

Canada was not re-elected to the Statistical and Population Commissions, but it continued to serve on the Economic and Employment Commission, the Social Commission and the Commission on Narcotic Drugs. At the Ninth Session of the Economic and Social Council, Canada was elected for the first time to the Fiscal Commission.

⁸² Note marginale: /Marginal note:

OK LB P[earson]

⁸³ Approuvé par le Cabinet, le 23 novembre 1949.

Approved by Cabinet on November 23, 1949.

if the majority of "friendly" nations favour the Netherlands proposal for the immediate admission of Indonesia, the Canadian delegation should not oppose it and may vote in favour.

2. Election of Pakistan to Council of FAO

The Canadian delegation should support Pakistan's election to the Council provided such support would not entail opposition to the candidature of either the United Kingdom or China. Should this situation arise, the delegation should refer the matter to Ottawa before taking any further action.

3. International Investment and Financing Facilities

The Report on International Investment and Financing Facilities submitted by the FAO duplicates the Technical Aid Programme of the Economic and Social Council of the U.N. For this reason, the delegation should not support the acceptance of this report. Since the Technical Aid Programme would provide, in part, funds for the purpose of developing the agricultural productivity of under-developed countries, the delegation should urge that the report be withdrawn in favour of considerations under the Technical Aid Programme.

4. The Technical Aid Programme

The United States Congress has, as yet, not passed the "International Technical Cooperation Act" whereby the United States would provide the largest part of the funds to be made available to the proposed Technical Aid Board to carry out the Technical Aid Programme of ECOSOC. The Canadian delegation to the United Nations Assembly is, therefore, in concert with other delegations, endeavouring to postpone the Technical Aid Conference to March or April of 1950 when the attitude of the United States Congress will be clearer.

The Canadian delegation to the FAO conference should, therefore, avoid making any commitments binding upon Canada and should urge the discussion of ways and means for the coordination of the FAO Programme with the proposed Technical Aid Programme.

5. Permanent Site for FAO

The Canadian Government favours the establishment of the Permanent headquarters of the FAO on the U.N. site in New York City.

6. Scale of Contributions to FAO

The proposed increase in the Canadian percentage contribution from 4.12 per cent to 4.5 per cent is considered to be unwarranted. In this connection, the Government considers the figure of 4.12 per cent to be equitable. If the 1950 budget is approved, Canada's contribution under the existing rate (4.12 per cent) will be \$205,000. Under the proposed rate of 4.5 per cent, Canada would be assessed \$225,000.

The delegation should therefore oppose the proposed scale of assessments and should urge adherence to the principle that assessments be based upon the United Nations scale of assessments. This scale is based upon the capacity to pay of the member Governments, as related to the contribution made by the largest contributor, that is, the United States. In addition, the delegation should express the opinion that the imposition of a ceiling by the United States on its contribution to FAO

should not be permitted to increase the per capita contribution of Canada to a point where it would exceed that of the United States.

Should the Canadian attitude not prevail, the delegation should reserve Canada's position and refer the matter to the Government for a final decision.

An expanded paper on this subject is appended to this memorandum as Appendix A.†

L.B. PEARSON

SECTION C

ORGANISATION INTERNATIONALE DU TRAVAIL INTERNATIONAL LABOUR ORGANIZATION

232.

DEA/74-AS-40

*Note du secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet*

*Memorandum from Acting Secretary of State for External Affairs
to Cabinet*

Ottawa, May 5, 1949

CANADIAN DELEGATION TO 32ND SESSION OF THE INTERNATIONAL LABOUR
CONFERENCE, GENEVA, JUNE 8-JULY 2

Background

The 32nd Session of the International Labour Conference (established under the Labour Part of the Treaties of Paris, 1919) will be held in Geneva, Switzerland, from June 8 until about July 2, 1949.

The agenda of the 32nd Session calls for discussion of various general and topical labour problems such as those relating to the right to organize and bargain collectively, industrial relations and protection of wages. In addition, the Conference will discuss revision of certain international conventions relating to migration for employment, employment agencies and maritime matters.

The Canadian Delegation to the 31st Session of the ILO at San Francisco in 1948 was composed of twelve representatives, divided equally among government, employers' and workers' groups. It was the experience of the members of this delegation that, because of the length of the agenda at the San Francisco Conference, Canadian representation was not large enough to ensure complete and efficient participation in all discussions. The agenda for this year's Conference is at least as lengthy and, because of this, both employers' and workers' delegates have made representations for the Delegation to the 32nd Session at Geneva to be increased.

In view of the above, the Minister of Labour and the Secretary of State for External Affairs agreed that it would be advisable to include five representatives of each group in the Canadian Delegation to the forthcoming Session. However, after this agreement had been reached, the International Labour Office added a further

item to the agenda dealing with the revision of maritime labour conventions and it was considered appropriate to include, as an additional Canadian representative, an expert on maritime matters from the Department of Transport, who is already in Geneva as an adviser to the Canadian Delegation to the Diplomatic Conference for the Revision of Conventions Relating to the Protection of Prisoners of War. The names of the proposed delegates and advisers are included in the list which is attached to this memorandum as Annex I.† It will be noted that there are nominations of a technical adviser for the workers' group and of two advisers to the government group yet to be made.

Recommendations

It is therefore recommended as follows:

1. That authority be given for—

(a) Canadian participation in the above-mentioned Conference;

(b) Attendance at the Conference of six delegates and advisers representing the Government of Canada, five delegates and advisers representing the employers of Canada and five delegates and advisers representing the workers of Canada;

(c) Attendance of one delegation secretary and provision of such stenographic assistance as may be required from the Permanent Delegate of Canada to the European Office of the United Nations in Geneva.

2. That the necessary travelling and living expenses incurred in connection with the attendance at this Conference of the above-mentioned delegation be charged to the Department of Labour Vote for international labour conferences.⁸⁴

A.D.P. HEENEY

for Acting Secretary of State for External Affairs

233.

DEA/74-AS-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

[Ottawa], June 2, 1949

INSTRUCTIONS TO CANADIAN DELEGATION TO THE 32ND SESSION OF THE INTERNATIONAL LABOUR CONFERENCE AT GENEVA—JUNE 8—JULY 2

Once again we are called upon to play the part of the conciliator in another phase of the running feud between Mines and Resources and Labour. The latest skirmish arises out of instructions to the Canadian delegation to the ILO Conference, with particular reference to the item on the agenda relating to revision of the 1939 Conventions concerning conditions of migrant labour.

⁸⁴ Le Cabinet approuva ces recommandations, le 9 mai 1949.
Cabinet approved these recommendations on May 9, 1949.

2. You will recall that on May 26 the Deputy Minister of Mines and Resources asked us to convey to Geneva what he said were the agreed views of officials of his Department and of Labour on the proposed revision of these Conventions. His letter, which is attached,† said: "This matter has been discussed with the Deputy Minister of the Department of Labour, Dr. MacNamara, and he concurs in my views".

3. While we were still celebrating the apparent rapprochement between the two Departments, our festivities were rudely interrupted by the attached letter of May 31 from the Deputy Minister of Labour,† who now disagrees with Dr. Keenleyside's statement that agreement has been reached. Mr. MacNamara is, and I think with justice, disturbed at the implication in Dr. Keenleyside's letter that a Canadian vote in favour of a proposed new convention on migrant labour conditions should be made contingent on the approval of Mr. C.E.S. Smith, the delegation's technical adviser on Immigration. In addition, Mr. MacNamara correctly points out, in paragraphs 3 and 5 of his letter, two technical errors in the instructions which we were asked to send to Mr. Renaud.

4. I think we should avoid as far as possible getting involved in this particular phase of the Mines and Resources-Labour controversy and, if you agree, I should be grateful if you would sign the Instructions to Mr. Renaud as drafted in the attached despatch.† Mr. MacNamara's legitimate objections have been taken care of in paragraphs 8 and 9 while, on the other hand, Dr. Keenleyside's suggestion (in his letter of May 27) that Mr. Renaud, and not Mr. Goulet of the Department of Labour, should give his personal attention to this matter, has been followed by us. In addition, we have agreed with Mines and Resources that the general question of policy should be submitted to Cabinet, a procedure with which Mr. MacNamara appears to disagree.

5. If you approve, I should appreciate your signature on the attached letters to the two Deputy Ministers,† with which I have enclosed a copy of the Instructions to Mr. Renaud, without entering into any unnecessary discussion. I have discussed this matter with Mr. Chance, who concurs in the wording of the despatch to Geneva.

J.W. HOLMES

234.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], June 2, 1949

...

I.L.O. CONVENTION ON MIGRANT LABOUR; INSTRUCTIONS TO CANADIAN DELEGATION

4. *The Minister of Mines and Resources* reported that Canada had participated in the preparation of the "Convention concerning the recruitment, placing and conditions of labour of migrants for employment, 1939" but had not ratified it. At the meeting at Geneva on June 8th, the I.L.O. would submit for approval a proposed convention on the same matter; a convention concerning personal effects and tools

of migrants for employment; a recommendation concerning recruitment, placing and conditions of labour of migrants; and a model agreement on temporary and permanent migration for employment including migration of refugees and displaced persons.

The departments that had examined the conventions and recommendation felt they were too rigid and should not be approved. The United Kingdom had an alternative convention for submission which Canada could support.

It was recommended that the Canadian delegation be instructed:

- (a) to support the convention as submitted by the United Kingdom;
- (b) to take the position that the draft I.L.O. convention was too rigid and would operate as a deterrent to free migration; and,
- (c) to vote in favour of any other proposed convention or recommendation only if it was in accordance with the principles agreed between the departments which had been consulted.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 31, 1949—Cabinet Document 975).†

5. *The Cabinet*, after discussion, approved the recommendation of the Minister of Mines and Resources and agreed that the Canadian delegation to the forthcoming I.L.O. conference at Geneva be instructed accordingly.

235.

DEA/74-AS-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

[Ottawa], July 11, 1949

I.L.O. CONFERENCE ON INDUSTRIAL DISEASES; CANADIAN PARTICIPATION

I refer to your memorandum of July 7† and to your conversation of July 9 with Mr. Olivier about the Minister of Labour's recommendation to Cabinet concerning Canadian participation in the I.L.O. Conference on Pneumoconiosis and Silicosis to be held in Australia this year.

2. As you pointed out, there seems to be some misunderstanding on the extent of agreement already reached between the Departments of Labour and External Affairs with regard to the composition of the Canadian delegation, and, in view of this, it will be useful to review what has been done by all concerned in this matter from the day the Conference was first brought to the attention of the Canadian Government.

3. An invitation to send not less than two experts to the I.L.O. Conference was sent to the Department of Labour, with a copy addressed to External Affairs, on October 29, 1948. Before taking this matter up with this Department, the Minister of Labour wrote on November 5 to the Department of National Health and Welfare

asking their opinion as to the advisability of Canadian participation. On February 7, 1949, Dr. Cameron, Deputy Minister of National Health, replied that his Department did not consider it necessary to send a representative to the Conference but that two experts from the Province of Ontario, Dr. Grant Cunningham and Dr. Riddell, might well represent Canada.

4. On February 10 Mr. Mitchell wrote to Mr. Pearson requesting his views on this subject and enclosing a copy of Dr. Cameron's letter. Mr. Pearson replied on February 19 that since the Department of National Health and Welfare appeared to have only a very limited interest in the Conference, there might be some question as to the necessity of sending Canadian experts to Australia, particularly in view of the expense involved. Mr. Pearson added, however, that it has always been our policy to give full support to the work of the I.L.O. and, moreover, that it is desirable that Provincial Governments should be kept abreast of the work of I.L.O. and should be given every opportunity to be represented when this can be reasonably arranged. In conclusion, Mr. Pearson suggested that Dr. Cunningham and Dr. Riddell might both be asked whether it would be possible for them to participate in the work of this Conference.

5. On February 22 Mr. Mitchell acknowledged Mr. Pearson's letter and informed him that the Department of Labour was writing the Provincial Governments to enquire if they wished to be represented at the Conference at their own expense. This letter made no further reference to Dr. Cunningham or Dr. Riddell.

6. On April 21, replying to a routine follow-up letter from this Department, Mr. Mitchell informed us that three Provinces (Manitoba, Saskatchewan and Nova Scotia) had written to state they would not attend the Conference and two (Ontario and Quebec) had advised that the matter was still under consideration. It was in this letter that Mr. Mitchell first mentioned the proposal by British Columbia that the Province would pay two-thirds of the expenses of a suggested B.C. delegate, Dr. C.H. Vrooman, if the Federal Government would pay the remaining one-third. Mr. Mitchell added that "no decision had been taken here on this question as yet".

7. Routine checks on the progress of arrangements for the Conference were made in the United Nations Division on May 25 and June 27, on which dates Mr. Olivier was informed by the Department of Labour that nothing further was being done, since replies from all the Provinces had not yet been received.

8. On July 5, Mr. Olivier was informed by Mr. Langille that the B.C. proposal was to be submitted to the Cabinet on the following day.

9. From the above, it is clear that despite the statement made in paragraph 2 of the Memorandum to Cabinet,† Mr. Pearson did *not* agree "that it was not essential that the Federal Government send a representative to this Conference". On the contrary, Mr. Pearson concurred in Dr. Cameron's suggestion that Dr. Cunningham and Dr. Riddell might be asked to represent Canada at the Conference (paragraph 4 above). In actual fact, the Department of Labour informed Mr. Olivier yesterday that no effort to get in touch with these two gentlemen had ever been made.

10. As you indicated in your conversation with Mr. Olivier Saturday morning, Mr. Pearson thinks that a representative of the Federal Government should, in fact, head the Canadian delegation to this I.L.O. Conference. In addition, it seems only

reasonable that, if the Federal Government is to share the expenses of one Province's delegate, it should also be committed to do the same for all the other Provinces.

11. In the light of the above, I attach for your consideration a draft letter to the Minister of Labour† suggesting amendments to his Memorandum to the Cabinet of July 4† to provide for:

(a) nomination of a representative of the Federal Government as head of the Canadian delegation;⁸⁵

(b) submission to all the Provinces of the B.C. plan that the Federal Government should pay one-third of the expenses of provincial delegates.

12. I also attach for your signature, if you approve, a memorandum for Mr. Pearson⁸⁶ giving a brief review of the situation and submitting the proposed letter to Mr. Mitchell.

13. Relevant correspondence is flagged on File No. 74-AS-40 (attached).†

J.W. HOLMES

236.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 31, 1949

...

ILO CONFERENCE ON INDUSTRIAL DISEASES; CANADIAN DELEGATION

27. *The Minister of Labour*, referring to the discussion at the meeting of July 6th, recommended, after consultation with the Secretary of State for External Affairs and the Minister of National Health and Welfare, that a representative of the Federal government be named to head the delegation to the forthcoming ILO conference and that Dr. C.H. Vrooman of the British Columbia Workmen's Compensation Board be a delegate.

An explanatory memorandum had been circulated.

(Secretary's memorandum, Aug. 30, 1949—Cabinet Document 1028).†

28. *The Cabinet*, after discussion, approved the recommendation submitted by the Ministers concerned and agreed that the delegation to the ILO conference on pneumoconiosis and silicosis, commencing February 25th, 1950 in Australia, be headed by a representative of the Federal government (possibly a member of one of the diplomatic missions in Australasia) and that Dr. C.H. Vrooman of the B.C. Workmen's Compensation Board and any additional nominees of other Provinces be

⁸⁵ Note marginale:/Marginal note:
OK [A.D.P. Heeney]

⁸⁶ Note marginale:/Marginal note:
Signed [A.D.P. Heeney] Sent 11/7/49

members of the Canadian delegation (one-third of the expenses of Provincial representatives to be defrayed by the Federal government).

SECTION D

ORGANISATION INTERNATIONALE POUR LES RÉFUGIÉS
INTERNATIONAL REFUGEE ORGANIZATION

237.

DEA/5475-T-5-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], January 20, 1949

RESPONSIBILITY OF I.R.O. FOR FINANCING TRANSPORT OF JEWISH REFUGEES FROM
EUROPE TO PALESTINE

Introduction

1. I understand that Mr. Saul Hayes and other representatives of the Canadian Jewish Congress will be having an interview at three o'clock on Friday January 21, at which they will discuss the subject of financial assistance by I.R.O. to Jewish immigrants entering Palestine.

2. At the last Executive Committee meeting in Rome December 7-13, there was a serious divergence of views between the United States and the United Kingdom on this subject, the United States pressing to have I.R.O. assume financial responsibility for these immigrants. A special meeting was called for January 25 to deal with the matter.

Background

3. Very briefly, the background is as follows, Since May 18, 1948 the I.R.O., on the basis of an administrative decision, has refused to give financial assistance to the movement of immigrants into an area of hostilities such as Palestine. The Jewish Agency for Palestine and the American Joint Distribution Committee have moved large numbers of Jewish refugees into Palestine. In August the Director-General of I.R.O. announced that if the truce were followed by a genuine peace the I.R.O. would give favourable consideration to reimbursing the agencies for I.R.O. eligibles transported. The total of such eligibles moved between May 1 and September 30 is estimated at 44,395. The I.R.O. budget for 1948-1949 provided four million dollars for financing mass immigration movements to Palestine.

Present Position

4. The Canadian representative, Mr. J. Désy, is chairman of the Executive Committee. At the last meeting he worked, though unsuccessfully, to find some solution acceptable to both British and Americans. On January 12 we cabled him instruc-

tions that he was first, to attempt to obtain a postponement of the Executive Committee meeting, at least pending the outcome of the truce talks in Rhodes; second, if this was impossible, to work for a solution acceptable to both parties; third, if the matter was finally forced to a vote, to cast his vote against the assumption of responsibility by I.R.O., prefacing his action by a statement to the effect that the vote was based solely on present disturbed conditions in Palestine, which it is to be hoped are temporary, and that when these disturbed conditions have come to an end, Canada would be glad to vote in favour of I.R.O.'s assumption of responsibility.

5. Since these instructions were sent, it has become evident that a postponement of the Committee meeting will not be feasible. The U.S. is certain not to agree and in any case another very urgent problem—that of White Russian refugees in Shanghai—has been put on the agenda.

6. The State Department has made an appeal to the United Kingdom Government and to the Canadian Government (through our Ambassador in Washington) to reverse the present I.R.O. policy. We have been confidentially informed that the United Kingdom Government will not respond to this appeal.

7. The Director-General of I.R.O. and Mr. Désy informed us that with the exception of the United States members of the Executive Committee are opposed to a change of policy.

8. Articles appearing in the press during the last few days have indicated that the Jewish agencies are willing to go the limit in financing Jewish immigration into Palestine; that the Israeli Government is actively engaged in settling Jewish immigrants on land vacated by Arab refugees. The Israeli authorities have several times stated their intention to enter into agreements with Arab states for the exchange of Palestinian Arab refugees with Jewish residents of Arab lands who would be brought to Palestine and settled there permanently. It is Mr. Shertok's personal opinion that Arab refugees resettled in Arab countries should be compensated for property left in Israel, but in his statement to Mrs. Ann O'Hare McCormick on January 16 he made it clear that his government was not yet committed to this principle.

9. We had hoped to avoid adverse comment from Canadian Jewish groups by having the issue postponed so that the Delegation would not have to take up a position. It is now probable, however, that unless Mr. Désy's instructions are altered, he will have to vote against the assumption by the IRO of paramount responsibility for Jewish movements in Palestine.

E[SCOTT] R[EID]

238.

DEA/5475-T-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures
Ambassador in Italy
to Secretary of State for External Affairs

DESPATCH 51

Rome, February 1, 1949

Sir:

I have the honour to submit my report relating to the Third Session of the Executive Committee of the IRO, opened at the Palais des Nations, Geneva, at 11 a.m., 25th January, 1949, and terminated at 6 p.m., 28th January, and over which I presided as the delegate for Canada.

2. The Committee gave considered attention and issued appropriate directives to the Organization's Administration, as to the policy to be followed and the action to be taken concerning each of the three important items covered by the Agenda (Document EC/16 of 21st January), namely:

(a) *The evacuation from China of European refugees within the mandate of the IRO.* (Report EC/17, and Resolutions EC/18/Rev.1 and EC/19, herewith)†

In answer to an off the record enquiry from the Director-General, as to whether Canada could accept some of these refugees, I replied in accordance with the terms of your telegram No. 11 of 24th January,† adding that the IRO would be apprised of the Government's decision as soon as possible.

(b) *The eligibility of certain refugees in Greece and Italy for IRO assistance* (Document EC/15)

This will be the subject of an Administrative Order, based on the Committee's views to be issued by the Director-General and distributed to all Governments members of IRO for their information, the main points being that:

(i) Persons of Italian customary language now in Italy, who were domiciled on 10th June 1940 in areas transferred from Italy to Yugoslavia under the terms of the Peace Treaty with Italy and who had not opted, before 15th September, 1948, to retain Italian citizenship, to be considered eligible for IRO assistance under para. 2, part 1 of Annex 1 of the Constitution, as persons who were outside their country of former habitual residence and, as a result of events subsequent to the outbreak of the Second World War, were unwilling to avail themselves of the protection of the government of the country of their nationality or former nationality;

(ii) Persons whose reasons for not remaining in the territory transferred from Italy to Yugoslavia or for not opting to retain Italian citizenship were open to question, could be disqualified from receiving IRO assistance under the terms of para. 1 (e) of the General Principles of Annex 1, or paragraphs (e) and (d) of Section D of Part 1 of that Annex;

(iii) Similar rulings and procedure to apply to the alien refugees at present in Greece, who were of Greek ethnic origin and in regard to whom the Greek Government requested the assistance of IRO.

(c) *The Immigration in the countries of the Middle East* (Document EC/14, and Resolution EC/22 also herewith).†

3. I think it unnecessary to elaborate on the contents of the documents specifically mentioned in the foregoing and which are attached† for ready reference with copy of the Draft Report of the Secretariat,† except to outline the phases of the proceedings which led to the adoption of the Resolution EC/22 concerning the immigration of Jewish Refugees into Palestine.

4. As heretofore, four copies in English and two in French of the complete documentation on the activities of the Committee during the Session under review, will be forwarded to you by IRO, as soon as they are available. The Summary Records will show the line of argumentation propounded by the members of the Committee who participated in this debate.

5. When the question came up in the forenoon of 26th January, the statements made by the United Kingdom and the United States delegates reflected the same divergent viewpoints in evidence at the Second Session of the Committee held at Rome last December. The United States, Australian and Chinese representatives declared their intentions to approve the Report and Recommendations of the Director-General EC/14, and it was a foregone conclusion that the Venezuelan representative had instructions to do likewise. The other delegations would not do so unconditionally. The Chair was determined that a transactional solution had to be found which could meet unanimous approval, or at least as broad a majority as obtainable.

6. The overall principle of IRO's responsibility for the resettlement of eligible refugees to Palestine was not contested. There are budgetary provisions limiting the financial assistance which can be rendered. The essential point was to ascertain that any action to be undertaken by IRO would not interfere with the peace negotiations by the Conciliation Commission in the Middle East. With this aim in mind, and after private consultations, I prepared a Draft Resolution (Document EC/20 enclosed)† which was in full accord with the instructions contained in your telegram No. 16 of 22nd January† (sent to Rome). There is no foundation in this action for the allegations made by the Canadian Jewish Congress referred to in your telegram No. 13 of January 26th.†

7. This Draft Resolution was tabled as a proposal emanating from the delegations for Canada, Belgium and Norway, at the beginning of the afternoon meeting of 26th January, when both the delegates from France and the United Kingdom stated their reasons for rallying to this proposal. However, it was opposed by the four other members of the Committee. By the end of that meeting, the French representative effected a sudden volte-face and declared that he would adopt the Director-General's Recommendations provided assurance were given that the thousands of Jewish refugees in France on transit permits would receive priority of movement to Palestine. The Director-General voiced then some measure of agreement to the request of the French delegate who confirmed his change of attitude, thus reversing the situation. As it was getting late, the meeting was adjourned and consideration of Resolution EC/20 postponed.

8. The two subsequent resolutions (Annex I and Annex II),† the text of which was sent to you by telegram No. 6 [of] 27th January,† were the outcome of a great deal of further informal negotiations. They were presented as a substitution for EC/20 and had the tacit assent of the Belgian, Canadian, French and Norwegian delegations, as well as that of the United Kingdom representative who had procured the authorization of his Government.

9. Meanwhile, on 27th January, the United States delegate had tabled Draft Resolution EC/21, copy of which is enclosed.† He asked for priority of consideration when official discussions were resumed on 28th January, but the Committee decided for continuation of the debate on the two resolutions substituted for EC/20. By that time I had received your latest instructions encouraging my efforts.

10. At this juncture, the Chinese delegate informed the Committee in effect that he was satisfied with the substance of these two resolutions and would accept them subject to clarification. The United States delegate then submitted a re-draft combining both into one (Annex III),† but gave to understand that his action in doing so was only to bring a clearer picture of the meaning of the proposal before the Committee and that he could not vote for the text he had prepared. The French representative immediately expressed the opinion that all members were of the same mind as to the end to be achieved, whatever the variance in the procedure, and that another attempt at conciliation might bring fruitful results.

11. Finally, following much exchange of suggestions in private during adjournments, the Chairman produced Resolution EC/22, which was put up for vote in three sections, the preamble and the reservations were approved unanimously, whereas the United Kingdom delegate voted against the adoption of the Director-General's recommendations and abstained on the whole, the resolution having carried eight votes to one abstention.

12. As it stands, the decision allows payment of transport costs to the extent of \$4,000,000 for the financial year 1948/49, as foreseen in the Director-General's recommendations, and subordinates payment of transportation costs of persons emigrating to Palestine after 31st January 1949, to the results of consultations with the Conciliation Commission.

13. Before closing its Session, the Committee gave some thought to the liquidation of IRO at the expiration of its mandate and what might be envisaged for the post IRO period. The Director-General would become from all Governments members an expression of their views and intentions, as well as guidance in the matter.

14. May I add that the Director-General informed the Canadian delegation that he had received the report from his Executive Officer detailed to enquire into the situation of the Estonians in Sweden. The method of affording IRO assistance for the Transport of these refugees who wish to emigrate to Canada, necessitates careful approach. In any event, Mr. Tuck is writing presently to Dr. Keenleyside in this connection.

15. The next Session of the Executive Committee is scheduled to convene at Geneva on 24th March, 1949.

I have, etc.

JEAN DÉSY

239.

DEA/5475-T-5-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], March 24, 1949

FINANCING BY I.R.O. OF JEWISH IMMIGRATION INTO PALESTINE⁸⁷

The I.R.O. on May 18, 1948, stopped paying the transportation costs of Jewish immigrants into Palestine on the grounds that the country was an area of hostilities. Another reason, not openly expressed, was that the influx of Jewish refugees and other causes had driven many thousands of Arabs out of Palestine and that the Government of Israel had made no move to assume responsibility either for relief or repatriation of these persons.

2. There has been heavy pressure on the Executive Committee, both from the United States and from private Jewish organizations, to reverse this decision. Jewish groups in Canada have also made strong representations to the Secretary of State for External Affairs.

3. At the last meeting of the I.R.O. Executive Committee in late January, a Canadian sponsored proposal was adopted which instructed the Director-General, before resuming payment, to ask the Conciliation Commission for an assurance that this action would not interfere with the execution of the Commission's task. The United Kingdom strenuously opposed the resumption of payments by I.R.O.

4. The Conciliation Commission has now refused to give an opinion on the grounds that the question is outside its competence. The Director-General, at the Executive Committee meeting in Geneva tomorrow, March 25, will therefore propose that I.R.O. resume payment as from February 1.

5. It does not appear that any useful purpose would be served by instructing Mr. Désy to continue his opposition to the resumption of payment by I.R.O. Many thousands of Jewish refugees are now pouring into Palestine, not only from I.R.O. camps in Europe, but also from North Africa, Bulgaria and countries of east Europe. The effect of a continued refusal on the part of I.R.O. might, therefore, be to leave Jews in I.R.O. camps who might have gone to Palestine while permitting other Jews, for whom the United Nations have no responsibility, to make their homes in the Middle East.

6. I accordingly attach for signature, if you approve, a telegram to Mr. Désy† suggesting that he support the Director-General's proposal, but make some statement to the effect that the State of Israel should accept some responsibility for the fate of the displaced Arabs.

J.W. HOLMES

⁸⁷ Note marginale:/Marginal note:

Mr. Pearson[:] I've asked Mr. Holmes to take this up with you. E[scott] R[eid]

240.

DEA/5475-T-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

IMPORTANT

[Ottawa], March 29, 1949

RE: FUTURE INTERNATIONAL MACHINERY TO CARE FOR REFUGEES

While the attached memorandum is not altogether satisfactory, I am sending it to you, at once, in case you have an opportunity of bringing it up at tomorrow's Cabinet. I am asking for further details on the financial implications of the alternative courses to Canada.

I am sending a copy of this note to Mr. Robertson.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Ottawa, March 28, 1949

FUTURE INTERNATIONAL MACHINERY TO CARE FOR REFUGEES

I. *General Background:*

The question of future international action to care for refugees and stateless persons is on the agenda of the General Council of I.R.O., the second session of which opens in Geneva on Wednesday, March 30. Mr. Désy has requested instructions as to the position he should take on the recommendations of the Director-General for dealing with the problem. Certain aspects of the matter will also come up at the Ninth Session of the Economic and Social Council and thereafter at the Fourth Session of the General Assembly in September, and it is thus important that Canadian policy should be consistent from the beginning.

The subject has two related parts, first, procedure for the termination of the present work of I.R.O. itself, and second, the international machinery that may be required thereafter.

II. *Termination of the Present Work of I.R.O.*

The present terminal date for I.R.O. is June 30, 1950. There is no constitutional requirement to this effect, but all financial calculations have been made on this basis. Owing to continuance of political difficulties in Europe, the numbers of refugees applying for assistance and qualifying under I.R.O. rules have increased to an extent not originally foreseen. If new registrations are refused after December 31, 1949, it is estimated that by June 30, 1950 approximately 1,450,000 persons would have been repatriated or resettled, that is to say, almost two and one-half times the number of refugees which came under I.R.O. care when it assumed its mandate in July, 1947. Nevertheless it is expected that on June 30, 1950 about 370,000 persons will still be registered with the organization.

To deal with the situation outlined above, the Director-General makes the following recommendations:

1. Applications for registration to be refused after December 31, 1949;
2. Care and maintenance to be discontinued after June 30, 1950;
3. Resettlement and repatriation program to be continued for one year (to June 30, 1951);
4. Legal and protection program to be continued (this is dealt with more fully in Sections 3 and 4).

If this proposal is adopted, the Director-General expects to repatriate or resettle a further 195,000 refugees, leaving a "hard core" of about 175,000 (for further suggestions regarding this see sections 3 and 4). The estimated cost of this extension of the program would be about \$55,000,000. The Canadian share, calculated on the same basis as at present, would be just under two million dollars.

III. *Continuing Refugee Problems after June 30, 1951*

Continuing refugee problems fall into two groups, those connected with the work done by I.R.O., and those which have been dealt with by one kind of international machinery or another since the First Great War.

The first group concerns responsibility for the "hard core" of 175,000 refugees expected to be left by June 30, 1951 and also legal protection and assistance in readjustment for those refugees for whom I.R.O. has at any time assumed responsibility. It shades into the second group, which centers in the problem of statelessness, however and whenever acquired. This problem has been under consideration by the Secretary-General of the United Nations who has suggested, for examination by the Ninth Session of the Economic and Social Council, four possible ways of dealing with it. Whichever of the suggested methods for dealing with statelessness may be chosen, it would apply equally well to the residual problems of I.R.O.

IV. *Choice of Methods for dealing with continuing Refugee Problems*

Two of the methods suggested by the Secretary-General, that is the creation either of a unit within the Secretariat or of a semi-autonomous part of that body charged with the responsibility for refugee problems, would mean that the cost would be borne by the U.N. budget and this shared by all members of the organization. The other two suggestions—continuation of I.R.O. in a modified form, or the creation of a new specialized agency—would probably concentrate financial responsibility in a smaller group. In particular a continuation of I.R.O. would mulct still further the countries which have already made a heavy financial outlay.

The arguments used in favour of continuing I.R.O.—use of the experience and administrative machinery already in existence—are not impressive, since there is no obvious difficulty in absorbing into the Secretariat as much as may be needed.

On the other hand, there might be something to be said for retaining the "voluntary principle" wherever possible, as an antidote to the tendency to saddle the U.N. budget with numerous projects enthusiastically supported by those members whose voting power considerably outweighs their financial generosity. This argument does not, however, apply with full force to a problem so truly international in its implications as that of statelessness.

There is also the consideration that, if I.R.O. functions were returned to the United Nations, the Soviet bloc which has bitterly resisted all efforts at resettlement (as opposed to repatriation) might be able to exercise more influence on policy toward refugees. By 1951, however, if we are still on the comfortable side of chaos, the residual resettlement problems should be small enough to make this argument of minor importance.

V. Recommendations

It is recommended that Mr. Désy be instructed to support, at the I.R.O. General Council, a solution which would meet the following requirements:

1. Provided that the other members agree, and adequate financial support is assured, the mandate of I.R.O. should be continued to June 30, 1951, operations being on the reduced scale proposed in the Director-General's report, and financial commitments kept within the limits there suggested.
2. Every effort should be made before June, 1951 to deal with the expected "hard core" of 175,000, all the methods outlined in the Director-General's report (GC/W/3, Paris 29-30) being fully explored.
3. After June 30, 1951, the continuing refugee problems should become a direct responsibility of the United Nations, any division or semi-autonomous agency set up within the Secretariat being urged to make the fullest possible use of the experience gained and the facilities developed by the I.R.O.

241.

DEA/5475-T-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], March 29, 1949

FINANCIAL IMPLICATIONS OF THE CONTINUANCE OF I.R.O TO JUNE 30, 1951

I understand that, since you wish to take up in Cabinet the recommendations regarding the extension of the I.R.O. mandate to June 30, 1951, which were contained in my memorandum of March 28, you would like some further details regarding the financial implications of these recommendations.

The Director General has recommended that the I.R.O. continue to accept applications for assistance up to December 31, 1949, and that the resettlement and repatriation programme (*not* the care and maintenance programme) be continued to June 30, 1951, which is one year beyond the term originally proposed. It would, of course, be possible to urge that the I.R.O. go out of existence on June 30, 1950, and that no further responsibilities be accepted for resettlement and repatriation operations after that date. In this case the problem would resolve itself into that of statelessness which would presumably require only a small administrative type of machinery and would not call for financial comparison with the Director General's proposals for a continuance of the operational programme.

Any comparison must, therefore, be between the continuance of the repatriation and resettlement programme for one year under the auspices of I.R.O. and the transfer of that programme for one year to the United Nations itself. The figure of fifty-five millions given as an estimate of the cost of this programme by the Director General is based on the assumption that it would be carried out by I.R.O. The total cost, if carried out directly by the United Nations, is not known and would not necessarily be the same. Assuming for purposes of comparison that it would be the same, the Canadian share would be almost identical in each case. The total annual budget of I.R.O. is one hundred and fifty-five million, of which Canada pays 3.2% to the administrative budget and 3.5% to the operational budget. Since our share of the United Nations budget is 3.2%, the difference, as stated above, is slight. This arises from the fact that the United States pays 39.89% of the administrative budget, and 45.75% of the operational budget of I.R.O.

A further consideration which might weigh against any attempt to have the United Nations assume the costs of a resettlement and repatriation programme from 1950-51 is that there would undoubtedly be strenuous opposition from the more than forty United Nations members who have so far got off scot free.

A.D.P. HEENEY

242.

DEA/5475-T-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

Ottawa, April 5, 1949

FUTURE OF THE INTERNATIONAL REFUGEE ORGANIZATION

I understand that the question of the Canadian attitude towards a one year extension of the I.R.O. mandate will be discussed in Cabinet on Thursday, April 7. The General Council of I.R.O. has been meeting in Geneva since Tuesday, March 29, and Mr. Désy has asked for instructions on this point at the earliest possible moment. My memorandum of March 29, addressed to Mr. Pearson, gives the background on this matter in some detail, but I have listed below a few additional considerations which you may wish to bring forward when the subject is discussed in Cabinet, since an extension of the I.R.O. mandate would mean an additional Canadian contribution to the organization of between one and a half and two million dollars.

An extension of the life of I.R.O. is desirable for the following reasons:

1. Though the I.R.O. has, from the beginning, been savagely attacked by the countries of the Soviet bloc, it has efficiently carried out a humanitarian task of great value. In the first eighteen months of operation, up to December 31, 1948, almost half a million refugees had been resettled or repatriated.

2. For political, as well as humanitarian, reasons, it is most important that the large numbers of persons in Europe who are still, through no fault of their own, homeless or stateless, should not be turned adrift to form a dangerous source of continuing unrest and discontent.

3. From the purely Canadian point of view, the I.R.O. has been of considerable help in enabling this country to choose immigrants of good character who will in most cases be valuable citizens.

4. The operations of I.R.O. are in some cases actually of financial benefit to Canada. For example, some Canadian ships are used in transporting the refugees. Moreover, I.R.O. has given an undertaking that in the coming fiscal year (July 1, 1949—June 30, 1950) it would be willing to take the entire Canadian contribution in Canadian wheat. During the current fiscal year up to one million dollars of the total Canadian contribution of \$5,425,000 is being taken in Canadian commodities.

A. H[EENEY]

243.

DEA/5475-4-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

CONFIDENTIAL

Ottawa, June 7, 1949

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO A SPECIAL SESSION
OF THE GENERAL COUNCIL OF THE INTERNATIONAL REFUGEE ORGANIZATION
JUNE 28—JULY 2, 1949

General Background

A special session of the IRO General Council has been called for June 28 in order to discuss plans for the termination of IRO. The Director-General's preliminary recommendations on this subject were discussed at the second session held March 29—April 8 and as a result of the views expressed at that time he has now submitted a revised report.

Suggested instructions for the Canadian delegation covering each item of the report are attached as Annex I† to the present memorandum. They have received the concurrence of the Departments of Labour and Mines and Resources. The principal points are as follows:

- (1) Termination of IRO's resettlement and repatriation operations as soon as possible after June 30, 1950;
- (2) Relaxation of immigration standards by the receiving countries to make this possible;
- (3) Financial provision for the "spill-over" period after June 30, 1950 (financial statement to be presented to the Council);

(4) Arrangements, including financial provision, for the care of the "hard core" of refugees permanently unfit for resettlement or repatriation.⁸⁸

Recommendations

With regard to Points (1) and (2) above the principal recommendations are as follows. The Canadian delegation should support the recommendation that the IRO terminate its resettlement and repatriation operations as soon as possible after June 30, 1950, but should indicate that Canada, which has already made one of the major contributions to the solution of the refugee problem, is not prepared to give an undertaking to make any general relaxation of immigration standards, though willing to continue the exercise of leniency in special cases.

Point (3), the question of financial provision for the period after June 30, 1950, arises because the IRO's original budget was drawn up for three years ending on that date. The total yearly budget is about \$155 million of which the Canadian share has been about 5.4 million each year. The Director-General's detailed financial proposals for the "spill-over" operation will be presented only at the session. On the basis of his earlier recommendations, however, it seems likely that the total cost of a winding-up operation will be not more than \$55 million. Provided all the present members agree to co-operate, the Canadian share of this supplementary budget would probably be between 1 million and 1.5 million. The necessity for this extension of the organization's mandate arises in large part from the prolonged political uncertainty in Germany and elsewhere, the early transportation difficulties of the organization, and the delay in the authorization of the United States reception programme. Under the Director-General's proposals no new eligibles will be accepted after October 1, 1949 and operations after that date will therefore be a winding-up process. Since it is the opinion of the responsible Canadian officials that the Director-General's estimates err on the side of optimism, a spill-over after June 30, 1950, appears to be unavoidable. It is accordingly recommended that, provided the other members agree and the Director-General's financial proposals appear as a whole to be sound, Canada should be prepared to support an extension of the IRO mandate within the financial limits originally proposed by the Director-General.

Point (4), the provision for the so-called "hard core", relates to refugees who owing to age, disability, disease and other causes, are permanently unfit for resettlement. It is recommended first, that the Canadian delegation should urge the desirability of examining very carefully the extent to which the local economy, chiefly in Germany and Austria, could absorb these groups, bearing in mind that the presence in Germany and Austria of very large numbers of "Volksdeutsche" refugees may well reduce to comparative insignificance the residual problem of IRO, which may total about 175,000 persons. It is further recommended that Canada should support the efforts now being made to negotiate with local authorities, voluntary agencies, and interested governments for the permanent care of specific

⁸⁸ Le Cabinet approuva ces recommandations ainsi que la composition de la délégation, le 16 juin 1949.

Cabinet approved these recommendations and the composition of the delegation on June 16, 1949.

groups of hard core persons (e.g. village settlements for chronic T.B. cases) and should be prepared, when such arrangements are further advanced, to consider the possibility of some form of financial contribution to the upkeep of certain groups.

Composition of Canadian delegation

It is proposed that the Canadian delegation should be as follows.

Head of delegation	R.M. Macdonnell, Charge d'Affaires a.i., Czechoslovakia.
Delegate	W.P. Black, Senior Representative of the Department of Labour, Canadian Immigration Mission, Germany.
Delegate	O. Cormier, Department of Mines and Resources, Officer in Charge, Canadian Immigration Mission, Germany.

A.D.P. HEENEY

for Secretary of State for External Affairs

SECTION E

UNION INTERNATIONALE DES TÉLÉCOMMUNICATIONS
INTERNATIONAL TELECOMMUNICATIONS UNION

244.

DEA/8981-L-40

*Note du délégué en chef
à la conférence internationale sur la radiodiffusion de haute fréquence
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Chief Delegate
to International High Frequency Broadcasting Conference
to Secretary of State for External Affairs*

SECRET

Mexico, April 22, 1949

HIGH FREQUENCY CONFERENCE NO. 11

Sir,

I have the honour to submit a final report on the International High Frequency Broadcasting Conference held here under the auspices of the International Telecommunication Union. The Conference began on October 22, 1948, and lasted until April 10, 1949, when a final act, the Mexico City Agreement, was signed by 51 of the 69 countries participating in the Conference.

2. This summary is not an exhaustive review of the work of the Conference. It is intended primarily to give the political background against which negotiations during the latter weeks of the Conference were carried out. As such it merely supplements my previous reports, as well as those of Mr. C.J. Acton of the Department of Transport and of Mr. Donald Manson and Mr. William Richardson of the Canadian Broadcasting Corporation.

3. Since my last report, No. 10 of February 16, 1949† (which dealt mainly with the United States and U.S.S.R. draft frequency assignment plans submitted to the

Conference) the main activity of the Conference was the actual drawing up of a Plan allotting tentative but concrete frequency-hours to participating countries. The difficulty of the task can be gauged from the fact that the number of channel-hours that could be carved out of the section of the spectrum with which the Conference dealt, was of the nature of 5,500, whereas the frequency demands of participating countries totalled some 15,000 channel-hours.

4. As I have reported, the first four months of the Conference had been given over to the establishment of general principles which might be used as a base for equitable distribution of frequency-hours among the countries of the world and of technical ones for the maintenance of sound standards for high frequency broadcasting. General principles, technical standards and individual frequency requirements, once approved by the appropriate Committees, were passed on to the Plan Committee (Committee 6) for its guidance in elaborating a suitable frequency assignment Plan.

5. General principles took the longest time and when at last they emerged in the form of Document No. 589,† copy of which has been forwarded to you, they comprised practically every conceivable factor which any country could propose as the basis for the assessment of requirements and assignments. Because of its catholicity, Document 589 was unanimously approved but for the same reason its value was purely "platonic", a term much used at the Conference. Although it was formally passed on to Committee 6 for its guidance, it served no purpose other than that of a compendium of all the views expressed (including the most fantastic) which delegations could, and often did, quote with equal appropriateness in support of opposing contentions.

6. It might be well to point out, at this stage, that the task of the General Principles Committee (Committee 3) was rendered well nigh impossible because its meetings were used as a forum for the expounding of diametrically opposed political concepts of the Soviet bloc, on the one hand, and of the rest of the world, on the other, concerning the uses to which shortwave broadcasting should be put and the principles upon which it should be based.

7. After four months of wrangling over general principles, of reviewing individual requirements and of playing politics, a Plan Group was finally selected by Committee 6, in order to assign frequencies to participating countries on a tentative basis. It was made up of the following nations: France, India, Mexico, the Soviet Union, the United Kingdom and the United States. This group sat behind closed doors, much to the displeasure of the other delegates, especially the Latin Americans, to whom this secrecy was "democratically" unsound and indefensible. It was finally decided in Plenary, after hours of discussion, to publish individual assignments as they emerged. From that time on, Plan Group sessions were open, as in the case of other groups.

8. Interpreters' gossip had it that proceedings in the Plan Group were largely on a "scratch-my-back-and-I'll-scratch-yours" basis. In other words, the Plan Group was effectively assigning frequencies on a very "unprincipled" basis. However empirical, the methods used by the Plan Group did produce a first draft, which, when considered in the light of the difficult conditions under which it was elaborated,

was really a noteworthy accomplishment. As was to be expected, of course, the first draft aroused universal protest, real or simulated. The Group's real achievement, however, was that it brought the Conference down to earth and gave it a realistic orientation by turning its attention from abstraction and noble principles to concrete plan making. The presentation of the first draft served to narrow subsequent discussions and resulted in a universal demand for "revision".

9. This revision was assigned in early March to what, in effect, was the Plan Group with two major innovations. Firstly, the Plan Group was expanded to include the following countries: Pakistan, Portugal, Roumania, and Uruguay; secondly, the Plan Revision Group (PRG), as it was called, was given its mandate, not by Committee 6, but by the Plenary Assembly itself.

10. The political manoeuvring that went on before the PRG was formed is rather interesting. The U.S.S.R. had, by use of pressure, secured Roumania's accession to the Group. Matters became more complicated, however, when, for reasons of prestige, the Pakistan delegation achieved, by adroit lobbying, representation on the PRG in spite of Indian and United Kingdom opposition. To lessen the possibility of predominant Soviet influence within this Group, (the Pakistan delegate having given some support to the Soviet formula of "area, population and number of languages" because it suited his case, was, unjustifiably, I think, suspected of being amenable to Soviet influence), the United Kingdom and the United States got Portugal and Uruguay included in the Group's membership to offset any possible new alignment.

11. This enlarged Group was given instructions by the Plenary Assembly to work in close collaboration with Working Group "D" of Committee 6 (WG 6D) which had busied itself with exploring the possibilities of *frequency sharing*. This last Group performed a useful piece of work for it, in effect, increased the number of channel-hours available from some 5,500 to a total close to 8,000. PRG and WG 6 D did in fact work in very close collaboration and, by dint of repeated interviews with delegations, during which adjustments were made on the spot, produced a *revised Plan*.

12. This revised Plan, when finally presented to the Plenary Assembly, was accepted by 51 countries, out of 69 represented, the Soviet Union (and satellites) and the United States being the most significant non-signatories.

13. The refusal of the United States to sign the plan caused great consternation among the delegates. When the United States delegate made his formal rejection speech, he based his refusal largely on the "technical deficiencies of the Plan" and on the fact that "the United States was not accustomed to being placed tenth on the list of results achieved at international conferences". In concluding, he announced that he would explain his objections more fully at a later date. This "explanation" turned out to be a violent anti-Soviet tirade which threatened to disrupt the Conference on the eve of closure; the Soviet delegations ostensibly felt so incensed by the United States accusations of bad faith that they walked out of the Plenary to the last man. A copy of this United States declaration is attached.†

14. The reasons behind the United States attitude, however, seem to run much deeper. As explained in Report No. 10 of February 16, the plan proposed by the

United States, and submitted months after the U.S.S.R. plan, was a compromise allocation established on very high technical standards which, accordingly, kept their own (197 channel-hours) and other frequency assignments, as well as channel sharing, at a minimum. The final Conference Plan, on the other hand, was built on lower standards in order to increase the global figure for channel-hour availabilities and to meet as many frequency demands as possible. The United States never really subscribed to these lower standards and hoped until the very end that their views would prevail.

15. Once it became clear that the Conference would adopt neither the high standards that they advocated nor their Plan as presented, the United States made a very serious mistake in Conference tactics: they never formally and categorically announced that the allocation which they had given themselves in their own plan was below their real requirements and that, if an assignment Plan was to be established on debased standards, they felt entitled to receive a higher number of frequency hours, a number more nearly approximating their real needs than the "sacrifice" 197 hours which they had allotted themselves.

16. When, therefore, the United States came forward with their rather intemperate denunciation of the final Plan, most delegations were left wondering how in logic they could protest when, alone of the major powers, the United States had had their initial requirements of 197 hours fully satisfied, with the whole of that allocation in the "critical" broadcasting bands such as the 15 and 17 megacycle bands. Further, it was generally admitted that, had they requested that their allocation be padded with channels in the non-critical bands (the 6, 21 and 26 megacycle bands) it could easily have been done as there were, so to speak, channels going abegging in those bands. When comparing the Canadian allocation of 200 hours with that of the United States, it must be borne in mind that Canada obtained only 40-odd channel hours in the critical bands, the remainder of our channel hours being mostly in the 6 megacycle band.

17. The behaviour of the United States delegates was indeed puzzling and may have been due to a conflict of authority within the delegation itself. It is known that considerable disagreement existed among the 30-odd members of the delegation, split up as it was in groups representing such diverse interests as the State Department, the Federal Communications Commission, Congress and a medley of private corporations. I am told that discipline was so bad in the delegation that no policy decision could be reached without a vote being taken. I am also told that when certain delegates found themselves in the minority, they went so far as to insist that their dissent be recorded in the minutes of the delegation meetings. There may have been a great many reasons why the United States did not sign, but it might be of interest to mention that, when the Pakistan Delegate asked the chief of the United States delegation point blank why he had not signed, he was told that the State Department did not dare ask Congress to ratify an agreement which gave the U.S.S.R. 700 channel hours and the United States only 197. The chief of the United States delegation is said to have added, "The Senators would have chewed their faces off."

18. The impression created on the other delegations by the United States attitude was deplorable. While it was felt that they had blundered into the impasse in which they found themselves, it was generally feared that the Conference would break up as a result, particularly after the United States attack on the Soviet. When the smoke cleared away, however, and when it was learned that the United Kingdom and Canada would sign, a noticeable feeling of relief spread through the Conference. I was told by the Secretary General of the Conference that the announcement that the United Kingdom and ourselves made at this juncture did much to rally the faint of heart.

19. The Soviet's refusal to sign is equally difficult to understand. During the closing sessions of the Conference it had been noted that no member of the Soviet bloc, including the U.S.S.R., had ever explicitly said that they were not going to sign. Although the speeches we heard on the Plan stressed that the Plan was technically unsatisfactory, they never included any declaration of outright rejection.

20. While their proclaimed minimum requirements were 800 channel hours, it is estimated that the Soviet Union was allotted more broadcasting time (700 hours) than they could possibly use at the present time. Reports of both the British and the United States monitoring services agreed on that point. Furthermore, it became obvious that the Soviet insistence on more and more channel hours was largely for purposes of prestige rather than to satisfy actual needs. For instance, demands for broadcasting time to Australia, India or Latin America at three or four o'clock in the morning could not have been made with the intention of reaching an audience, unless it were one of party faithful.

21. One is therefore left to conjecture as to why they did not sign on April 10th. It may be that they wanted to keep themselves free to disrupt international broadcasting, while at the same time proclaiming that they had been dealt with unfairly at the Conference, but there are indications that at least some members of the Soviet delegation had in mind the possibility of adhering to the Agreement at some later date.⁸⁹

22. It might be well to mention a question on which there exists complete uncertainty. Does the Mexico City Agreement provide for adherence subsequent to April 10th for those nations who had not signed on that date? Mr. Pereyra, the Chairman of the Conference, contends that the wording of the Agreement (Article 3), which is far from clear, can be construed as permitting acceptance of the Agreement at any time (i.e., until June 15th), while the British delegation, who took a very active part in the drafting of the Agreement, maintain on the contrary that the right to such late acceptance is categorically denied. As the final text of the Agreement is not yet

⁸⁹ Ceci et les trois notes de renvoi suivantes paraissent sur le document original:

This and the following three footnotes appear in the original document:

With regard to the intentions of the Soviet [Union], it is worth noting that when the Secretary General of the Mexico City Conference, Col. Dostert, asked the Soviet delegate on the last day of the Conference if arrangements should be made for Russian interpretation at the Paris session of the Conference, opening on June 15, the Soviet delegate is reported to have replied coyly, "I think it would be a good idea to arrange for Russian interpretation." The Chairman of the Conference, Mr. Pereyra, who reported the incident to me, was inclined to interpret the Russian reply as hopeful of their eventual acceptance.

available, I cannot express an opinion, but it would seem that the loose wording that unfortunately crept into the Agreement in the closing stages of the Conference will give rise to considerable argument. In conversation, Mr. Pereyra told me that he was having the text of the Agreement studied by the legal staff of his Department (the Mexican Ministry of Communications) and that he would let me know confidentially what the views of his legal advisers are regarding the point in question.⁹⁰

23. The present Plan is for one "season" only, i.e., the June median; the remaining seasons (June minimum and maximum, December and Equinox, minimum, median and maximum respectively) will be based on the June median Plan and handled by a special committee, the Technical Plan Committee (TPC), which will meet in Paris from June 15th next. Closing date for TPC activities has been tentatively set for October 1st, although in most circles this date is considered to be optimistic, perhaps as volatile as the December 15th, 1948 closing date set for the Mexico City Conference!

24. The Technical Plan Committee comprises the following fifteen countries: Argentina, Egypt, France, India, Mexico, New Zealand, Pakistan, Portugal, Roumania, South Africa, Soviet Union, United Kingdom, Ukraine, Uruguay and the United States. The Conference ruled that non-signatories could not become members of the TPC and accordingly elected panels of substitutes on a regional basis to cover possible vacancies. Since the Soviet Union, the Ukraine and the United States in particular have not accepted the Agreement, they are not now in a position to participate in the work of the TPC, except as non-voting observers—a position which they may be expected to use to influence friendly members⁹¹ of the TPC. The work of the Committee will of course be subject to review at the second session of the Conference, scheduled to be held in Italy in early autumn of this year.

25. Canada is the United States' elected successor from Region A of the world radio map. We were chosen by secret ballot and obtained overwhelming support. There might be good and valid reasons why Canada should have declined to act as a substitute on the TPC, but in view of the manner in which Canada was elected, she had no choice but to agree. Canada's runner-up in Region A—Brazil—was also reluctant to accept in case Canada defaulted, but finally consented in view of the strong support which she also had received. An odd situation arose with respect to stand-ins for the Soviet Union and the Ukraine in Region C, neither of which has signed the Agreement, when Finland was chosen as their substitute by secret ballot and by a large majority, with Yugoslavia as runner-up. Since Finland has never toed the Soviet line in this Conference, to have Russia's interest represented by Finland is assuredly not a prospect which the Kremlin could envisage with relish!

26. The final instrument of this Conference is an agreement only, not a convention, and much less a treaty. This arises from the status of the Conference itself, which was an administrative and not a plenipotentiary body, although at times this distinction was difficult to grasp. Accessions, therefore, are quite provisional and

⁹⁰ The importance of clarifying this point is explained in paragraph 24.

⁹¹ The United States delegates at the Conference let it be known that the United States proposed sending a strong unit of observers to Paris next June.

subject not only to approval by the countries concerned, but also to their being satisfied with the remaining Plans, when they emerge.

27. The last week of the Conference was given over to the task of drafting a suitable text for the Agreement, now known as the Mexico City Agreement. At the outset of the Conference, Canada was elected to the vice-chairmanship of the Drafting Committee (Committee 8). When the Committee finally met in the closing days of the Conference, this post was filled by Mr. Arthur Blanchette of this Embassy.

28. When the work of drafting began, Soviet tactics became very aggressive. Repeated attempts were made to have the text of the Agreement tally with Soviet concepts of general Conference procedure, especially as concerned unanimity. These were constantly rejected by the Conference, but this did not stop the U.S.S.R. from pressing her demands. For instance, when veto powers were ruled out, the Soviet Union attempted to have decisions carry by an 85% majority. Had this proposal been accepted, it might have set a precedent to be pressed tenaciously by the Soviet at future meetings of the ITU.

29. Throughout the Conference, Canada exerted considerable influence on various Commonwealth countries. During the initial stages, Canada looked after the interests of Eire whose delegate, after his arrival, almost invariably followed our cue and very loyally remained within the fold of the Commonwealth family during the Conference. The Australian delegate gave Canada his proxy and usually accepted our views on questions submitted to a vote.

30. By and large, the Commonwealth nations did quite well at the Conference, although by no means acting as a unit. All saw their "minimum" requirements satisfied. Of the Commonwealth countries, perhaps Pakistan achieved the most gratifying results, since she came to the Conference with *no* transmitters in operation and received a final total of 141 channel hours. These were obtained largely through the efforts and brilliant debating powers of the Chief of the Pakistan delegation, Mr. Ahmed Bokhari, who achieved considerable influence over the Conference by his timely and conciliatory speeches. He successfully played off the United Kingdom, India and the Soviet Union against each other to foster his own aims.⁹² (It may be of interest to you to know that Mr. Bokhari will be spending a few days in Canada next June on his return trip to Pakistan. He will be the guest of the CBC.)

31. No split was visible in the Soviet bloc. The Yugoslav delegate, in effect, toed the Soviet line unwaveringly. The Czechs, however, were much less vehement in their support than had been expected, although this may have been due to the personality of their delegates rather than to coolness to Soviet leadership.

I have, etc.

C.P. HEBERT

⁹² It is worth noting that, throughout the Conference, the United Kingdom was much more wont to support India than Pakistan.

SECTION F

COMITÉ DE FIDÉICOMMIS
TRUSTEESHIP COMMITTEE

245.

DEA/5475-N-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 22, 1949

THE UNITED NATIONS TRUSTEESHIP COMMITTEE

One of the most disturbing aspects of the Fourth Session of the Assembly was the outcome of the discussions in the Trusteeship Committee. The satisfaction which has been felt over the voting on such matters as the Soviet peace resolution, atomic energy and conventional armaments must be somewhat diminished by consideration of the voting in the Fourth Committee. Here our friends have been dangerously divided, and the Soviet Union has been able to sit back relatively quietly and exploit this situation. There has, of course, been a strong difference of opinion between the Administering Authorities on the one hand and, on the other hand, those countries who are particularly critical of "colonialism". This difference has now become much more serious, and the position is such that this issue might assume greater importance. The growing seriousness seems to be due to the increasing pretensions of the Trusteeship Committee and the anxiety over these pretensions on the part of the Administering Authorities.

This dangerous cleavage is one which Canada cannot ignore. We have in the past intervened as little as possible in trusteeship questions on the grounds that we were not directly concerned and had no special contribution to make. In the past Session, however, our representative played a more active role in the Committee. We have been quite properly reticent about speaking too much on a subject of which we have no direct experience. At times there has been a suggestion of pharisaism, however, in our explanations, the implication being that the possession of trusteeships is a sin in which we have not indulged. Our experience on the Security Council has taught us that we can play a useful role in matters which do not directly concern us and of which we have no special knowledge. If the Canadian representative on the Security Council can play the major role in securing agreement in Indonesia, it is difficult for us to argue that we can make no contribution to the controversy over Tanganyika. In the Security Council we have now acquired experience, and we have also acquired a reputation. The fact that we have never been implicated in colonial responsibilities is a fact which ought not to be counted to us either as a virtue or lack of virtue. The same is true of the absence of an important colour problem in Canada. Nevertheless, non-European peoples have shown some evidence of looking to us as more objective than those countries

which are believed to oppress non-European peoples either inside or outside of their own borders. In addition to this reputation for objectivity, Canadians have also acquired a reputation for being good negotiators. In particular they are expected not to put forward strong views of their own, but to act as honest brokers, seeking to reconcile the views of other parties.

Now that we have left the Security Council we ought to find new scope for our talents. We are not members of the Trusteeship Council, and in view of the strong permanent Commonwealth representation on that body, we are unlikely ever to be elected. This conflict over non self-governing territories, however, exists within the Commonwealth, and a Commonwealth Conference such as that to take place at Colombo might provide an opportunity for seeking some understanding. The seriousness of the problem cannot be under-estimated. It is the subject on which the countries of the Commonwealth are most divided and it could provide the seeds of discord which would lead to disruption.

The primary necessity seems to be some kind of understanding between India and the United Kingdom. Of all the countries which have raised their voice in favour of increasing the obligations of the Administering Authorities, India and Pakistan are perhaps the most honest and responsible. It is difficult to see what kind of agreement can be reached at this stage between India, Pakistan and Ceylon on the one hand, and the United Kingdom, Australia, New Zealand, and South Africa on the other. In the absence of agreement, however, there might at least be greater understanding. I may be quite wrong, but I have the impression that the Indians and the British have never really thrashed out these matters frankly. It is true that the Indians and their friends have supported demands which are entirely contrary to our principles of responsible government and which the Administering Authorities could not accept. Surely, however, some, at least, of the objections could be explained to the Indians and compromises worked out which would assure the Indians that there was no interference with the progress of non-self-governing peoples to independence. What I fear is that the British, unless the attitude in Whitehall has changed since I left London, still look upon all critics of their colonial policy as tiresome and ignorant people to whom it is scarcely worth while explaining the facts of life.

Under these circumstances the situation would seem to be right for some kind of Canadian initiative at Colombo. This is a Commonwealth problem which cannot be ignored and there is really no other disinterested member of the Commonwealth than ourselves. The Australians and New Zealanders, although they themselves have trusteeship responsibilities, have, because of their general inclinations, been in the past able to promote compromise. Unfortunately, however, the new Governments in both those countries may be expected to be much more rather than much less adamant than the United Kingdom.

The differences of opinion on trusteeship matters are not confined to any one particular issue, although the focus of the controversy seems to be the Special Committee which examines the information submitted by the Administering Authorities on Non Self-Governing Territories. The functions of this Committee were so broadened at the past Session that the Special Committee is approaching a

similar supervisory status with respect to Non Self-Governing Territories as the Trusteeship Council has with respect to Trust Territories. This extension of jurisdiction has the support of a large majority of the United Nations Members and of world opinion but it is rejected unequivocally by the United Kingdom. Representatives of the United Kingdom have stated that their government will not comply with a number of the recommendations of the General Assembly. Despite this sharp cleavage, the declared objectives of both the Administering Authorities and the United Kingdom are the same: the development, as rapidly as possible, of the Non-Self-Governing Territories to self-government and independence. If the Administering Authorities are making an honest effort in this direction—and I believe they are—they need not fear examination and supervision of what is being done, provided criticism of their administration is constructive and responsible. The problem, then, is to ensure objective examination and supervision of Non-Self-Governing Territories. This might be accomplished by a demonstration of good faith and a demand for reciprocity in the same direction. For example, the Administering Authorities might agree to accept supervision and supply the fullest possible information on Non-Self-Governing Territories provided that certain conditions concerning the use of this information and the manner of supervision were fulfilled. One condition might be that the information should be given exhaustive study (and not as at present superficial study) by a reconstituted non-partisan Special Committee of experts on colonial administration. Another condition might be that on recommendations related to supervision a two-thirds majority be required for adoption.

Attached for reference, if you should wish to make use of it at Colombo, are:

(1) A summary of the principal issues considered in the Trusteeship Committee of the Assembly, on which there were strong differences of opinion among Commonwealth countries;†

(2) The text of an article in *The Economist* of December 3 entitled "Africa at the Assembly", in which the attitude of the United Kingdom Government is criticised and several compromise suggestions are put forward;†

(3) An article by James Reston in the *New York Times* of December 11 pointing out the dangerous breach which may develop between the Administering Powers on the one hand and the United States along with the non-European countries.†

J.W. HOLMES

SECTION G

ORGANISATION DES NATIONS UNIES POUR L'ÉDUCATION, LA SCIENCE ET LA
CULTURE
UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

246.

DEA/5582-V-3-40

Note de la direction des Nations Unies
Memorandum by United Nations Division

[Ottawa], May 26, 1949

DELEGATION FROM THE CANADIAN COUNCIL FOR RECONSTRUCTION THROUGH
UNESCO

On May 23 Mr. Heeney received a delegation in the person of Dr. James A. Gibson, Chairman of the Executive Committee of the Canadian Council for Reconstruction through UNESCO. Dr. Gibson expressed the regrets of Major Vincent Price, K.C., Chairman of the Council, and the Honourable Thomas Vien, P.C., K.C., Vice-Chairman, who were unable to attend. Mr. R.G. Riddell and Mr. V.C. Moore of the Department were also present.

On behalf of the Council Dr. Gibson presented *A Report of Activities, July 1947-March 1949*, together with a financial statement and auditor's report.

Although about \$500,000 remain to CCRU's credit in the Bank, all of this except \$11-12,000 has already been committed to be spent. A new budget for the period to December 31st has been drawn up providing for a greatly reduced staff which will probably consist only of an Administrative Director and an Accountant. Shipping costs overseas are at present an uncertain factor.

Three of the five projects undertaken by CCRU have now been substantially completed. It is hoped that by September 1 all the books collected under the "March of Books" project will have been shipped abroad. There has been a delay owing to the tardiness of Universities and other Institutions abroad in submitting requests; should no more requests be received soon, the remaining books will be despatched to designated countries for distribution in order to avoid the continued cost of maintaining a specialist staff in Halifax.

Successful candidates for Fellowships are to arrive from abroad in July and September of this year and the Canada-UNESCO Fellowships project will terminate in June 1950. The Book Exchange will go out of business shortly, chiefly because of lack of funds from the Library Association. It is therefore possible for the offices in Ottawa to be closed by September 30, 1949. Mr. Heeney welcomed Dr. Gibson's statement that he did not anticipate the initiation of a fresh drive for funds. It was agreed by all present that CCRU had come into being in 1947 for a specific short-time task; with this task accomplished and the needs of the war-devastated countries considerably reduced, it would now be unrealistic for CCRU to tie itself to a new campaign. Dr. Gibson remarked that he believed this view would be held by

the majority present at the annual meeting of the Council in Quebec on May 27. Mr. Heeney remarked that the role of the CCRU and other similar organizations should be "ad hoc or ad hike": to do the job for which they were created but not then to find new undertakings simply to justify a prolonged existence.

The conversation turned to a misconception on the part of some officers of CCRU of its role as that of a substitute for a National Commission for UNESCO. It was pointed out, with agreement of all present, that this conception had no basis. CCRU has merely carried out, in a limited field, certain projects suggested by UNESCO; the co-ordinating body has been the Department of External Affairs, which handles the entire field of UNESCO activities as they affect Canada. This latter function may in the future be taken over by a National Commission, which would then be responsible for the whole cultural, educational and scientific aspect of Canadian life, delegating as the need arises specific tasks to ad hoc organizations such as CCRU.

Dr. Gibson envisaged the closing of CCRU's offices in Ottawa by September 30 or more probably December 31, with its work then wound up in a dignified and proper manner. It is unlikely that at that time there would be another delegation, unless UNESCO should request the Council to launch some new project. A further possibility is that it may thereafter continue as a purely voluntary private organization, with no funds or staff, until its activities are absorbed by the National Commission. It would nevertheless be ready at any time to administer any monies put up for new Fellowships and would encourage its member organizations, such as the Boy Scouts, in undertaking projects independently.

It was agreed that the Department would use its good offices in obtaining rent-free premises for CCRU until December 31 or September 30, 1949. The Department of Public Works have re-leased the Sparks Street premises until April 1, 1951, and have offered to sublet it to CCRU for that period. Dr. Gibson pointed out that there are four other organizations sharing these premises; the Canadian Allied Relief Fund, the National Film Board, the United Nations Appeal for Children, the United Emergency Fund for Britain. The Department of Public Works apparently consider mistakenly that CCRU are the sole occupants and wish to remain there until 1951.

Vouchers have already been received by the Department showing the disbursement of the \$200,000 grant from External Affairs in purchases in Canada of materials for reconstruction abroad, but advantage has not yet been taken of the Department's offer to arrange for the Auditor General to audit the books of CCRU. It was agreed that the Auditor General should now be asked to review the two reports (to December 31, 1948 and to March 31, 1949) already made by a firm of public auditors, as well as the \$200,000 budget. The Secretary of CCRU will make this request in writing after the general meeting.

Dr. Gibson invited the Department to send a representative to the general meeting at Quebec.

A number of extra copies of the *Report of Activities* will be made available for circulation to interested posts abroad. It was agreed that the Department would formally present the Report to the Director General of UNESCO.

Mr. Heeney expressed his appreciation of the achievements of CCRU. The organization had been created to carry out tasks which this Department wished to see done but could not itself undertake. It was a matter of satisfaction to be able now to report back to UNESCO on a job well done.

V.C. MOORE

247.

DEA/5582-BL-2-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

Ottawa, July 14, 1949

UNESCO DRAFT AGREEMENT FOR FACILITATING THE INTERNATIONAL CIRCULATION
OF VISUAL AND AUDITORY MATERIALS OF AN EDUCATIONAL, SCIENTIFIC AND
CULTURAL CHARACTER

Background:

On April 30, 1948 the Director-General of UNESCO asked for Canadian comments on a draft Convention for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific and Cultural Character. After consultation with the National Film Board, the Canadian Broadcasting Corporation and the Departments of Justice, Finance, Trade and Commerce and National Revenue (Customs), the Canadian Delegation to the Third Session of the General Conference of UNESCO was instructed to support the draft Convention. The Convention was adopted by the General Conference; among the amendments supported by Canada, the change of title from "Convention" to "Agreement" has subsequently been accepted.

The final text of the draft Agreement, a copy of which is attached,† has been deposited with the Secretary-General of the United Nations, who in a note dated June 27, 1949 informed the Secretary of State for External Affairs that the Agreement would be open for signature by all the Member States of the United Nations Educational, Scientific and Cultural Organization at Lake Success from July 15 to December 31, 1949.

Considerations:

The only new obligations which this Agreement would impose upon Canada are

(a) the possibility that some minor amendments to the Canadian tariff might be required;

(b) that, in accordance with Article 4, paragraph 2, some Agency of the Canadian Government would have to certify that materials are of an educational, cultural or scientific character within the meaning of Article 1 of the Agreement. While the application to admit these materials free of duty would not involve any appreciable sacrifice on Canada's part since most of the materials are already on the free list, Canada would on the other hand gain from participation in the Agreement the free

admission of these materials, in particular, films and recordings, into the United States.

Recommendation:

In view of the general agreement of interested Government Departments and agencies on the desirability of Canada's participation, it is recommended that the Canadian Government approve the principle of Canadian adherence to the Draft Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific and Cultural Character.⁹³

248.

DEA/5582-AK-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], July 27, 1949

FOURTH SESSION OF THE UNESCO GENERAL CONFERENCE
SEPTEMBER 19—OCTOBER 5, 1949

As a result of the decision of the General Conference that from 1950 onwards its ordinary sessions should be held in the spring, the next two sessions will be held within seven months of each other. The Fourth Session of the General Conference of UNESCO, to be held at UNESCO House in Paris from September 19 to October 5, 1949, is accordingly to be a "short business session" only. Its agenda is limited to

(a) questions which, under the Constitution of UNESCO and the regulations in force (Rules of Procedure of the General Conference, Financial Regulations, Staff Rules), must necessarily be included in the agenda of all ordinary sessions of the General Conference;

(b) questions whose inclusion in the Agenda of the Fourth Session has been requested by the General Conference in resolutions adopted at a previous session. Other questions will be deferred to the next full-scale Session in May 1950.

2. The six main divisions of the agenda, a copy of which is attached,† are as follows:

(a) *Programme and Budget.* Discussion on the programme will be confined to the consideration of changes in programme emphasis or orientation which involve important budgetary implications. Projects that are entirely new will be discussed at the Fifth Session.

⁹³ Le Cabinet donna son approbation en principe à cette recommandation, le 3 août 1949. Le général A.G.L. McNaughton avait été autorisé à signer l'entente en vertu du C.P. 5736, du 10 novembre 1949.

Cabinet approved this recommendation in principle on August 3, 1949. General A.G.L. McNaughton was authorized to sign the agreement by P.C. 5736 of November 10, 1949.

(b) *Administration and Finance*

(i) Consideration of questions relating to organization and staffing of the Secretariat, in particular, salaries and allowances, Medical Benefits Scheme, Pensions Scheme;

(ii) Financial questions: Auditors' Report, contributions for 1950, Revolving Fund.

(c) *Official and External Relations*. There are a number of subjects arising from resolutions previously passed by the General Conference, such as liaison with Member States and National Commissions, consideration of the Agreement between United Nations and UNESCO.

(d) *Discussion of General Topic:*

"What are the duties of the State in regard to education, science and culture for the purpose of ensuring a better understanding between peoples and what practical steps should it take in order to discharge these duties?"

Three plenary meetings have been set aside for this general discussion. The Director-General requests that the subject for discussion be studied by some leading public figure who would be a member of our delegation and would act as its mouthpiece in these discussions.

(e) *Executive Board*. The question of the term of office of members of the Executive Board has to be decided, and six new members are to be elected.

(f) *UNESCO and the Fourth Point Programme*. The original timetable has been extended by three days to permit the examination of UNESCO's contribution to a co-ordinated plan of United Nations and specialized agencies for technical assistance to under-developed countries.

3. Our primary interest at this Conference is to submit the UNESCO programme and budget to critical scrutiny, and this interest can best be served by a small delegation composed of official government representatives. There may be some dissatisfaction on the part of governmental agencies which are not represented (e.g. Film Board, C.B.C.) and non-governmental organizations, but their interest might be diverted to the session which is to take place next spring in Florence. The present session can be considered an interim one to dispose of urgent business, and we can begin to prepare very soon, in liaison with all the interested national organizations, for representation at the full-scale session next May.

4. It is desirable that we should be represented by a delegation which can be relied upon to present the views of the Canadian Government, and to direct the attention of the Conference to some of the more practical considerations which its long-sighted trail blazers have overlooked. I would therefore suggest the composition of the delegation be as follows:

Mr. John B.C. Watkins

Mr. F. Charpentier

A member of the Royal Commission on the Arts, Letters and Sciences

A Secretary from the Department of External Affairs.

5. Dr. Doré, who headed the delegations in Paris in 1946 and 1948, is in his private capacity still a member of the Executive Board. It would be desirable, I

believe, to leave him free to devote himself to this work, rather than to place him again in the invidious position of trying to reconcile it with his responsibilities as head of the Canadian Delegation. The work of the Executive Board may, as usual, be very exacting during the coming session. Dr. Doré, has furthermore, consistently taken the position that he acts on the Executive Board as a servant of UNESCO and not as a representative of Canada. This may be a logical position, but we cannot admit that the Canadian Delegation should be bound to agree to whatever Dr. Doré has accepted in the Board. We do not want, for example, a repetition of the situation last year when the Canadian Delegation did not carry out its instructions to criticize the budget presented by the Executive Board. In an attached letter† Mr. Bryce has expressed his concern over this possibility.

6. Mr. Watkins has not had experience of UNESCO, but he would combine a genuine interest in cultural activities with the appropriate scepticism. He will have had a year in Moscow and will be due for a break in his tour of duty there. Mr. Charpentier is well versed in the affairs of UNESCO, having acted for the past year as our direct contact with the Secretariat in Paris and, on occasion, as a substitute for Dr. Doré on the Executive Board. The secretarial work should be undertaken by someone from the Department familiar with the details of UNESCO, our attitude, and the budget. If appropriate arrangements can be made, this will be the officer who is shortly taking over UNESCO work when it is transferred from the U.N. Division to the Information Division.

7. With public attention focussed on the terms of reference of the Royal Commission relative to the establishing of a National Commission for UNESCO, the inclusion of one of the Commissioners would be timely. This first-hand experience of the machinery of UNESCO and of National Commissions already established abroad would be a valuable asset in considering Canada's relationship with UNESCO; the Royal Commission's representative would moreover bring to the Conference an expert knowledge of the functions and problems of our national organizations, and would be well qualified to evaluate the practicability of implementing UNESCO's programmes in Canada. His inclusion in the official delegation would also mean that Canadian educational, scientific and cultural life would be represented, and would obviate any criticism on this point. The Royal Commission's representative could be the spokesman in the discussions of the "general topic" set forth in paragraph 2(d) above.

8. I attach lists of previous delegations and of members of the Executive Board.†

9. If you approve, I shall prepare a submission to Cabinet.⁹⁴

A.D.P. HEENEY

⁹⁴ Le Cabinet approuva une note à ce sujet, le 24 août 1949.
Cabinet approved a memorandum on this subject on August 24, 1949.

249.

DEA/5582-AK-1-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France*

*Secretary of State for External Affairs
to Ambassador in France*

TELEGRAM 448

Ottawa, September 14, 1949

SECRET

Following for Watkins, Head of Canadian Delegation, UNESCO, from Heeney, Begins:

Please delete the general instructions from the Commentary which Jay is taking along with him and substitute the following paragraphs which have been approved by the Minister:

2. Canada's reputation abroad is due, in part, to its usually realistic and pragmatic approach to the problems of international relations. Our constant preoccupation has been to concentrate our attention on those functions of international organizations which give promise of immediate helpful results.

3. This established Canadian practice has particular importance in relation to UNESCO activities and it should be a first duty of the Canadian Delegation at the coming Conference to urge that UNESCO:

(a) avoid dispersion of the Organization's energies and resources over too many projects and activities;

(b) take every means to achieve high standards of administrative efficiency and economy.

4. The Delegation should, therefore, use their best endeavours to have omitted from the present program of UNESÓ (or to put in low priority which would, in fact, mean deletion) projects not likely to achieve immediately useful results. It is not possible for us to put forward for your guidance a specific scheme of priorities for the items of the UNESCO program. The Delegation may, however, derive some benefit from a critical analysis of such schemes as may have been worked out by the United States and the United Kingdom Delegations.

5. The forthcoming session of UNESCO is to be a "short business session". You should on this ground resist the inclusion of new projects in the program by taking the position that consideration of any new proposal should be deferred to the next regular session in the spring.

6. The second main objective of the Canadian Delegation should be to press vigorously for the utmost efficiency and economy in the administration of UNESCO. The administrative and financial instructions based on a study of the UNESCO budget by the Department of Finance, should prove useful in this regard. The Delegation should not expressly refer to the possibility of Canada withdrawing its support from UNESCO. When an occasion arises, however, the Delegation should warn the Conference that unless there is a greater degree of "realism" in the UNESCO program and a marked improvement in the efficiency of the Organiza-

tion's operation (including a very considerable reduction in overhead), it will become increasingly difficult to persuade the public of many countries, including Canada, that their governments should continue to give full support to UNESCO.

7. We shall try to supplement the above instructions by letter and you will of course refer to the Department by telegram should you require guidance on any particular issue. Ends.

DEA/5582-AK-1-40

250.

*La délégation à l'organisation des Nations Unies pour l'éducation,
la science et la culture pour le secrétaire d'État aux Affaires extérieures*
*Delegation to United Nations Educational, Scientific and Cultural Organization
to Secretary of State for External Affairs*

Paris, October 7, 1949

DESPATCH 830

SECRET

Sir:

I have the honour to refer to the Fourth Session of the General Conference of U.N.E.S.C.O., which concluded its work on October 5th, 1949.

2. Mr. Jay will, of course, be able to report more fully when he returns to Ottawa on about the 18th of this month. In addition, I have been informed that the resolutions and decisions taken here will be transmitted to member states, on October 15, and the full record of the proceedings will be despatched early in November.

Programme and Budget.—

3. As you are aware, the Director General, in his Report and in his first address, stressed the importance of priority planning which he stated had been effected by means of the requests made in his Budget estimates. From what he had to say in the course of the debate, it began to seem that all the items included in the estimates had almost equally high priority. The programme and budget were discussed at the same time by the Programme and Budget Commission which then referred its decisions to a Drafting and Co-ordinating Sub-Committee on which we were not represented. The Budget eventually approved by the Conference totals \$8,000,000 and represents the successful effort of the Sub-Committee to make use of all of the amount indicated in the Provisional Ceiling figure.

Provisional Ceiling for Budget.—

4. It had been assumed that the Director General would have arranged for one of the Latin American delegates, several of whom were in his pocket, to open the debate on the provisional ceiling for the budget with a proposal to accept his own figure of 8.17 million dollars, which was what remained of it when the estimated saving from the devaluation of the franc and other currencies had been subtracted. Actually the Director General was able to do a little better than that: the proposal to accept his figure of 8.17 million was made by the Indian Delegation and supported by the Cuban, Swiss, Greek and others. The United Kingdom Delegate then pro-

posed apologetically but firmly a provisional ceiling of \$7,660,000, which was supported by most of the other Commonwealth Delegations as well as by the Norwegian Delegation. Finally, the United States Delegate suggested as a compromise that EIGHT million be set as a target figure.

5. According to our instructions, we were not to oppose the adoption of a ceiling figure which had the support of the United Kingdom and United States Delegations and bore some relation to the figure which would be established in any event by the detailed study of the budget. Although the United Kingdom and United States figures were so far apart, we had been informed confidentially by the British that their outside figure was eight million. The head of the United States Delegation told us that the British had said that although they would continue to press for the lower figure in accordance with their instructions, they realized that it would not be accepted.

6. After the United Kingdom and United States Delegates had spoken, therefore, we said that although in general we were opposed to the establishment of an arbitrary figure for the budget and considered that the correct approach was to examine every item with a view to removing any appropriation that could not be justified on the tests of priority and benefits to be expected from the expenditures of the sum proposed, we felt that the examination of the budget which had now been made had been sufficiently exhaustive to allow the Commission to set a provisional ceiling, which would enable the Sub-Committee to do constructive work; and that the ceiling proposed by the United States was certainly the highest we could contemplate and acceptable to us only on condition that the Sub-Committee would do its best, having in mind our criterion of economy, to approximate more closely to the figure proposed by the United Kingdom. There was obviously no possibility whatsoever of the United Kingdom figure being accepted and in the final vote on the United States proposal the United Kingdom Delegation supported it to the applause of the whole assembly and to complete bafflement of the Latin Americans, whose minds just do not work that way.

Technical Assistance.—

7. On the subject of U.N.E.S.C.O.'s participation in the Technical Assistance programme, it was generally recognized that little concrete planning could be done until after the conference scheduled for the first week in November in New York, at which, as the Director General pointed out, changes might be made in the allocation previously proposed. In the meantime, documents 4C/8 (rev.) and 4C/9 were referred, with minor amendments suggested by the United States Delegate in the drafting of certain sections, to a special Drafting Sub-Committee appointed to deal with this problem.

Contributions of Member States.—

8. The United States requested a decrease of 1.4[%] in its contribution, which represents its proportionate share of the contributions of new Member States. We supported this request after emphasizing that we would oppose, until times become normal, any further request for a reduction of the United States share which would have to be borne by the other Member States. We approved of the principle of a

33 $\frac{1}{3}$ % ceiling, but insisted that it should be reached only when world conditions have materially improved.

9. Brazil asked to be allowed to pay her contribution in French francs instead of United States dollars. This was unanimously refused.

Admission of Ceylon.—

10. Ceylon's application for membership on U.N.E.S.C.O. was approved unanimously.

Site of Fifth Session.—

11. The proposal that the Fifth General Conference of U.N.E.S.C.O. be held in Florence was also adopted unanimously.

Elections to Executive Board.—

12. The following is a tabulation of the votes recorded in the election of members of the Executive Board.

Total members voting: 44.

Mr. Roger Seydoux (France)	43
Professor Alf Sommerfelt (Norway)	42
Professor P. de Berredo Carneiro (Brazil)	41
Mr. Luther Evans (U.S.)	38
H.E. Dr. C. Parra-Perez (Venezuela)	37
Mr. Kudsi Tecer (Turkey)	34
Dr. Jan Boor (Czechoslovakia)	15.

Accordingly, Messrs. Seydoux, Sommerfelt, Carneiro, Evans, Parra-Perez and Tecer were declared elected members of the Executive Board of U.N.E.S.C.O. for a term of 3 years. The nomination of Dr. Boor was made by the Polish Delegate in the Nominations Committee. As Boor did not receive the endorsement of that Committee, the Polish Delegate again proposed his candidature in the Plenary Meeting at which the election took place. We supported the six candidates who were elected.

Spanish as a working language.—

13. At the last scheduled meeting of the Procedure Committee, the Delegate from Mexico attempted to have an additional item added to the agenda of that committee having to do with the amendment of Article 52 and 55 of the rules of procedure to the effect that Spanish would become more nearly a full working language. After heated discussion, the question was put off until another extraordinary meeting could be held. At that meeting, the Chairman ruled that the Committee could discuss the Mexican proposals for amendment. We objected on a point of order that the procedure for the inclusion of additional items on an agenda had not been followed. The resultant vote was a tie, 11 for the Chairman and 11 for the Canadian point of order. Accordingly, the question was deferred to another meeting where a second vote was to be taken.

14. At the second extraordinary meeting, the Chairman stated that the General Committee of the Conference had reviewed the rules of procedure and recommended that the Procedure Committee could discuss the Mexican proposals, but

that no binding decision could be taken. On this basis, the Canadian Delegation agreed to withdraw its point of order and a very lengthy discussion of the pros and cons of using Spanish as a full working language ensued. In the end, a Canadian proposal, amplified by the French Delegate and supported by the United States, United Kingdom and Belgian and most of the other delegations, was adopted. This proposal took the form of a request to the Director General and the Executive Board to study all the implications, budgetary and otherwise, of adopting Spanish as a full working language and a recommendation that the question be included on the agenda for the Fifth Session. Most of the Latin American countries, although voting against this proposal, appeared to be satisfied that they had been fairly treated, although they did not fully understand the procedural niceties.

15. However, the Delegate from Ecuador, a very fiery and bewildered individual, insisted that his protest against the distortion of the democratic rights of the Spanish speaking people should be recorded in the minutes of the meeting.

Arrangements with Non-Governmental Organizations.—

16. In the Official and External Relations Commission, for which Charpentier acted as Rapporteur, the United States stated that U.N.E.S.C.O. should not increase unreasonably its arrangements with and commitments to international non-governmental organizations. De Blonay, of the Secretariat, was quite caustic in objecting to the United States proposal that a thorough review of all existing relationships be presented to the Florence Conference. The United States Delegate stuck to his guns, however, and with our support managed to obtain the endorsement of the Commission.

17. The Director General tried to water down the meaning of the proposal, when the Commission's Report was presented to the Plenary Session. Nevertheless, the United States proposal was accepted and we may expect a considerable amount of paper which may or may not cast light on the murky tangle of U.N.E.S.C.O.'s relationships with non-governmental organizations.

Activities in Germany and Japan.—

18. The Poles, Czechs, and Hungarians objected strongly to the continuation and expansion of U.N.E.S.C.O.'s activities in Western Germany. Their reasons were Moscow's and logical within their limitations. U.N.E.S.C.O. was operating only in Western Germany and this tended to divide rather than unite Germany, which must of course be united. The Soviet Union's failure to reply to U.N.E.S.C.O.'s offers to extend its activities to the Soviet zone was explained indirectly by references to the Potsdam agreement in disregard of which the allied powers had set up the "so-called Western German State". During the period in which U.N.E.S.C.O. had been active in Germany, moreover, "the spirit of nationalism and revanchism had increased rather than diminished." The new Adenauer parliament had opportunely supplied disquieting evidence of this, which nobody was disposed to challenge, just as this Conference was getting started. The statements quoted in the Paris press from German members of parliament demanding the return of former German territory from Poland and Czechoslovakia and advocating the absorption of Austria had made all the other neighbours of Germany uneasy, but the Danes, Dutch, Bel-

gians and French did not agree with the Eastern Europeans that the answer was withdrawal, which, as the Danish Delegate pointed out, would be to admit defeat. When the question was referred to the Co-ordination and Drafting Committee over their protest, the Poles, Czechs, and Hungarians walked out as dramatically as might be and stayed away until the Programme and Budget Commission had concluded its deliberations. This gave them several days to enjoy the city while the rest of us suffered in sultry committee rooms but did not prevent their attending the various receptions which were being given and absorbing their full quota of champagne. Nor did it prevent a Czech and a Pole from making long speeches on the relation of the State to Education from the Marxist point of view at the public evening meetings in the Maison de la Chimie.

19. Refreshed by their rest they returned to the attack with renewed vigour and somewhat anticlimactic violence when the Plenary Sessions resumed. There was, of course, a great deal of sympathy for their sufferings and no attempt to pretend that their anxiety was unfounded. All the opposing speakers were elaborately careful of their susceptibilities and even when they had been deliberately insulting to the United States in particular, to the United Kingdom and France as the lesser occupying powers and to all the Atlantic Pact countries, went no further than to counsel sweet reasonableness and solution of the problem by democratic process of the vote. The Brazilian introduced a resolution containing a clause empowering the Executive Board to suspend activities in Germany if conditions were unfavourable to their success but the Pole considered that if the clause meant anything it would be applicable immediately. Perhaps they would not be able to prevent U.N.E.S.C.O. from being turned into a record to play the tunes of the Atlantic Pact, he said, but to these melodies, they would not march. During the luncheon period the French did some scurrying around to try to find a satisfactory compromise apparently without success. When the Brazilian resolution was voted on, the Poles, Czechs, and Hungarians were supported only by the Delegate of Israel. The Pole then read a declaration on behalf of the Polish, Czech, and Hungarian Governments reserving their position. The general feeling seems to be, however, that they are not planning to withdraw from U.N.E.S.C.O. at the present time.

20. On the question of U.N.E.S.C.O. activities in Japan, the Delegate from the Philippines opposed only the paragraph providing for the inclusion of Japanese experts in technical conferences on the grounds that this would appear to give Japan a kind of international status before the conclusion of a peace treaty. He was supported in this stand by the Australian delegation. To a Canadian question asking whether the "appropriate authority" referred to in the resolution meant S.C.A.P., the answer was in the affirmative. With this on the record we felt free to vote with the United States and United Kingdom for the adoption of the resolution as it stood.

I have, etc.

R. HARRY JAY
for Head of Delegation

SECTION H

FONDS INTERNATIONAL DES NATIONS UNIES
 POUR LE SECOURS DE L'ENFANCE
 UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

251.

PCO/Vol. 110

*Note du secrétaire d'État aux Affaires extérieures
 pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
 to Cabinet*

Ottawa, January 31, 1949

SECOND CONTRIBUTION TO THE INTERNATIONAL CHILDREN'S EMERGENCY FUND

The International Children's Emergency Fund is now making an appeal for further contributions from governments totalling \$20,000,000. On the matching formula adopted by the United States Congress in making its original authorization of a \$100,000,000 contribution, contributions to the amount of \$20,000,000 if made before June 30, 1949, would call out the full sum authorized by Congress. So far \$75,000,000 of this has been appropriated, but only \$42,122,404 called out by matching grants.

2. Twenty-eight governments have contributed or pledged a total of about \$62,000,000 to the Fund. Eight of them, Australia, Czechoslovakia, Hungary, Italy, Poland, Switzerland, South Africa and the United States, contributed twice. The two Australian grants total \$7,157,280. The Canadian Government made a grant only in 1947. \$5,000,000 of this was a direct contribution and \$200,000 a sum turned over to the Canadian Council of the United Nations Appeal for Children, earmarked for the ICEF.

3. Members of the Executive Board, including the Canadian representative, made an inspection tour this summer in Europe during which they were satisfied that assistance provided really reached the intended recipients and that all receiving governments, including those of the satellite countries, were giving cooperation.

Recommendation

4. It is recommended that the Canadian Government now make a second contribution to the Fund of \$3,500,000 which would call out a matching grant of \$9,000,000 from the United States.⁹⁵

L.B. PEARSON

⁹⁵ Le 4 février 1949, le Cabinet décida de ne pas contribuer.

On February 4, 1949 Cabinet decided to make no contribution:

for the present...it being understood that the Secretary of State for External Affairs might raise the question again at a later date.

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

Ottawa, April 25, 1949

SECRET

SECOND CANADIAN CONTRIBUTION TO THE INTERNATIONAL CHILDREN'S
EMERGENCY FUND

This matter was originally brought up in Cabinet on February 4. It was decided not to authorise a contribution at that time but to leave the subject open for further discussion, if and when the Secretary of State for External Affairs wished to bring it forward again.

2. In recent weeks the prospect of a heavy surplus of powdered milk has led the dairy industry to make strong recommendations to members of the Government, particularly the Ministers of Agriculture and Trade and Commerce, to authorize a support programme.

3. Supplies of Canadian powdered milk have heretofore gone largely to the ICEF, which would be willing to use any further Canadian contribution for this purpose. The Fund cannot at present export U.S. dollars to Canada for the purpose of buying powdered milk, as there is a surplus in the United States and the price there is slightly lower.

4. The Minister of Agriculture is most anxious to have this question dealt with by Cabinet as soon as possible. Mr. Pearson, when he was in Ottawa on April 11, agreed that it should be brought before Cabinet again and approved the memorandum, a copy of which is attached.†⁹⁶ It was originally intended to defer action until the Minister's return, but in view of the urgent representations again received from the Department of Agriculture, the matter has now been put on Cabinet agenda for Tuesday, April 26. Owing to the short notice, it was necessary to have copies of the Cabinet memorandum approved by Mr. Pearson duplicated at once for distribution, and it has accordingly not been possible to submit the usual advance draft for your approval and signature.

5. In addition to the brief statement circulated to Cabinet, I attach for your own use a memorandum giving a fuller account of the background.† This was originally prepared for Mr. Pearson's use in February and has now been revised.

A.D.P. HEENEY

⁹⁶ Cette note, en date du 22 avril 1949, fut prise en considération par le Cabinet, le 26 avril 1949, lorsqu'il reporta sa décision «pending consideration of the report to be prepared on surplus commodities.»

That memorandum, dated April 22, 1949, was considered by the Cabinet on April 26, 1949, when it deferred a decision "pending consideration of the report to be prepared on surplus commodities."

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PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], May 9, 1949

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INTERNATIONAL CHILDREN'S EMERGENCY FUND; CANADIAN CONTRIBUTION;
PURCHASE OF POWDERED MILK

25. *The Prime Minister*, referring to the discussion at the meeting of April 26th, reported that the Secretary of State for External Affairs had been advised by the Executive Director of the United Nations International Children's Emergency Fund of a serious financial crisis presently facing the UNICEF.

The U.S. Secretary of State had informed the United Nations that, because of the lack of support of this Fund by other governments, the U.S. government would limit its continuing financial aid to the \$20 million available from sums already appropriated by Congress. This meant the loss to the Fund of an additional \$25 million authorized but not yet appropriated by Congress and, if additional financial aid were not forthcoming, the Fund would have to close down early in 1950.

The U.S. government had agreed to match every dollar subscribed by other governments with \$2.57. A Canadian contribution of \$4 million would therefore produce more than \$10 million from the United States.

(External Affairs memorandum, May 7, 1949 and attached documents).†

26. *Mr. St. Laurent* also referred to the Minister of Agriculture's proposal that price support be extended to dried skim milk powder in order that the Agricultural Prices Support Board might purchase 20 million pounds of this product at a total cost of approximately \$2,500,000. It had been suggested that this powdered milk might form a large part of any Canadian contribution to the Fund.

(Minister of Agriculture's recommendation to Council, May 2, 1949—P.C.2250).†

27. *The Cabinet*, after discussion, agreed:

(a) that no decision could be made on a second Canadian contribution to the International Children's Emergency Fund until such time as the new parliament assembled; and,

(b) that decision on the proposal of the Minister of Agriculture for the purchase by the Agricultural Prices Support Board of 20 million pounds of dried skim milk powder be deferred pending further consideration the following week.

254.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

Ottawa, May 18, 1949

TOP SECRET

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PRICE SUPPORT; DRIED SKIM MILK POWDER

1. *The Postmaster General and Acting Minister of Agriculture*, referring to the discussion of May 9th, reported that, during 1949 to date, there had been an increase in skim milk production of 40.9% over the first four months of 1948, largely due to the plentiful supply of feed and diversion of milk from other products. Total production for the year could be expected to be at least as great as in 1948—64,253,000 pounds. In 1948, 45.58% had been exported, two thirds going to the International Children's Emergency Fund. Unless the government were to make purchases, whether for contributions to the Fund or otherwise, a substantial fall in the price of milk to producers could be expected. Prices had already dropped by from 50½ cents to 80 cents per hundred pounds.

(Department of Agriculture memoranda, May 17 and 18, 1949).†

2. *The Minister of Trade and Commerce and Acting Prime Minister* stated that his conversations in the United Kingdom had indicated that no market for dried skim milk could be expected there. It was essential that it be made clear to the industry that, unless they could develop markets, production would have to be reduced.

If any purchases were made at present, they should not exceed \$1 million in total, and the price should be at least 1½¢ per pound below U.S. support prices, which, according to the Department of Agriculture, were 12¼¢ for spray process and 11¢ for roller process milk.

(Letter, Deputy Minister of Agriculture to the Secretary to the Cabinet, Apr. 19 and attached memoranda).†

3. *The Secretary of State for External Affairs* felt that, if a purchase were to be made, it should be indicated that the government intended to hold the milk for contribution to the International Children's Fund when authorization from Parliament for a further contribution to the Fund could be secured.

4. *The Cabinet*, after considerable further discussion, agreed:

(a) that the Agricultural Prices Support Board be authorized to purchase dried skim milk powder at prices 1½¢ per pound below U.S. support prices, to a total of \$1 million; and,

(b) that it be indicated that it was the intention of the government to hold such dried skim milk for contribution to the International Children's Emergency Fund when authorization for a further contribution was given by Parliament.

255.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, August 10, 1949

...

INTERNATIONAL CHILDREN'S EMERGENCY FUND; SECOND CANADIAN CONTRIBUTION

14. *The Secretary of State for External Affairs* reported that officials of the International Children's Emergency Fund were presently making special efforts to secure additional contributions, first, in order to call out by matching grants the full \$75 million appropriated by the United States Congress, and, second, in order to encourage Congress, at this session, to appropriate the remaining \$25 million of the \$100 million originally authorized. It was apparent that Congress might be difficult to persuade unless there were further substantial contributions from other countries, particularly Canada.

It was pointed out that in the past Australian and New Zealand grants represented over \$1.00 per capita of the population, whereas Canadian grants represented slightly over 40 cents per capita.

At its meeting of May 18th, 1949, Cabinet had authorized the Agricultural Prices Support Board to buy Canadian dried skim milk powder to a total of \$1 million, the milk to be transferred to the Fund in the event Parliament authorized a further contribution. Recent surveys of the Department of Agriculture indicated that substantial surpluses of other foodstuffs would probably remain over and above any commodities which might be required in connection with fulfilment of United Kingdom and other contracts.

It was therefore recommended that \$1 million worth of dried skim milk powder be transferred to the International Children's Emergency Fund, and that a further contribution of \$3 million be authorized, provided the total amount would be spent in Canada and the items to be purchased would be a matter of negotiation between representatives of the Department of Agriculture or the Agricultural Prices Support Board and representatives of the International Children's Emergency Fund.

An explanatory memorandum had been circulated.

(Minister's memorandum, Aug. 8, 1949—Cabinet Document 1004).†

15. *The Prime Minister* said that, before recommending a second Canadian contribution to the Fund, careful consideration should be given to the relative merits of international relief grants and domestic relief measures that might be required. In the circumstances, it might be preferable to withhold decision in this matter until the forthcoming financial discussions had been concluded in Washington and Canada's general financial position had been reviewed in the light of those discussions.

16. *The Cabinet*, after discussion, noted the recommendation of the Secretary of State for External Affairs respecting a second Canadian contribution to the International Children's Emergency Fund and deferred decision pending further consideration following the tripartite discussions to be held in Washington.

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

Ottawa, October 25, 1949

TOP SECRET

INTERNATIONAL CHILDREN'S EMERGENCY FUND; DONATION OF POWDERED MILK

4. *The Honourable Mr. Mackinnon*, as *Acting Minister of Agriculture*, referred to the decision of Cabinet on May 18th in favour of contribution to the International Children's Emergency Fund of dry skim milk powder purchased by the Agricultural Prices Support Board; the contribution to be made following authorization by Parliament.

An item of \$1,075,000 had been included in the Further Supplementary Estimates of the Department of External Affairs to cover this donation. The milk powder was being held in storage at considerable expense and it was possible that navigation out of Montreal might be closed before the Further Supplementary Estimates were passed. If shipment had to be made from Halifax, Saint John or New York, additional freight charges might amount to \$100,000. It was recommended that the Agricultural Prices Support Board be authorized to deliver the milk at once to the Fund; reimbursement to be made by the Department of External Affairs after the vote had been passed.

(Memorandum, Deputy Minister of Agriculture to Minister of Agriculture, Oct. 17, 1949).†

5. *The Minister of Finance* said that it was proposed to ask for further interim supply on October 26th and in doing so he intended to ask for approval of 11/12 of the item to cover the donation. Approval by the Senate and Royal Assent could be expected later in the week.

6. *The Cabinet*, after discussion, noted the reports of the Acting Minister of Agriculture and the Minister of Finance and agreed that the Agricultural Prices Support Board be authorized to proceed with arrangements for delivery of dry skim milk powder to the International Children's Emergency Fund, as previously approved by Cabinet, after a portion of the item in the Further Supplementary Estimates relating to the contribution had been approved by the House of Commons in dealing with interim supply.

SECTION I

ORGANISATION MONDIALE DE LA SANTÉ
WORLD HEALTH ORGANIZATION

257.

PCO/Vol. 124

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet**Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

Ottawa, June 8, 1949

INSTRUCTIONS TO THE CANADIAN DELEGATION TO THE SECOND WORLD HEALTH
ASSEMBLY—ROME, JUNE 13 TO JULY 13, 1949*Background*

1. At its meeting of April 29 the Cabinet approved the recommendation of the Minister of National Health and Welfare that Canada should participate in the 2nd World Health Assembly at Rome.

2. The world health programme for 1950 to be discussed by the Assembly includes joint activity by the World Health Organization and the Food and Agriculture Organization in combating related problems of food and health; an expanded programme of maternal and child health activities, including greater stress on immunization against childhood diseases; the first international programme in the field of mental health; increased attention to typhus and plague; efforts to help member governments strengthen their public health services and operation of a limited medical-supply service to governments, as well as continuation of work in such fields as malaria, tuberculosis and venereal disease control.

3. In addition to the programme for 1950, the Health Assembly will study administrative and financial problems, details of regional organization, membership applications and other matters directly or indirectly connected with the work of WHO.

Recommendations

4. The Departments of National Health and Welfare, External Affairs and Finance, recommend that the Canadian Delegation be instructed as follows:⁹⁷

Programme and Budget for 1950

5. The Canadian Delegation should examine critically the proposed programme for 1950 and should take the position that, while nothing should be done to obstruct the long-range potentialities of the Organization, projects of low priority or of doubtful urgency should be deferred or transferred to the supplementary Programme. The Delegation should express its opposition to any tendency of the

⁹⁷ Le Cabinet approuva cette recommandation, le 16 juin 1949.
Cabinet approved this recommendation on June 16, 1949.

Organization to expand its activities unnecessarily in a way which may overlap with the programmes of other United Nations organizations; this will apply particularly to such fields as those of public information, collection of statistics, and provision of fellowships.

6. The Delegation will bear in mind that the proposed increase in the regular budget from \$5,000,000 to \$7,893,000 is relatively large and that, in view of this, stress should be placed on the implementation of those projects likely to bring the greatest and most immediate returns for the expenditure involved.

7. The present Canadian contribution to WHO is \$158,000 and, if the proposed budget is adopted, will amount to \$248,000 in 1950.

Admission of New Members

8. In view of the general desirability that as many states as possible participate in the work of the World Health Organization, the Canadian Delegation should vote in favour of the admission to WHO of the Republics of San Marino and of Korea (South Korea).

Elections to the Executive Board

9. The Canadian Delegation should support the following slate: United Kingdom, United States, Pakistan, a Latin American country, Norway or another Scandinavian country, and one other. While Canada should not seek membership on the Executive Board, the Canadian Delegation should accept membership if election to the Board comes about without being actively sought.

10. The Executive Board consists of eighteen members and the six members whose term of office expires this year are Australia, Ceylon, Iran, Norway, United Kingdom and the United States. The other twelve members are Brazil, China, Egypt, France, Mexico, USSR, Byelo-Russia, India, Netherlands, Poland, South Africa, Yugoslavia.

Supplementary Budget

11. The Canadian Delegation will not make any commitments on behalf of Canada with respect to the proposed supplementary programme of activity for 1950.

Working Capital Fund

12. The Canadian Delegation will oppose the proposal to increase the working capital of WHO from \$1,650,000 to \$4,000,000 and will support the stand that \$3 million should be sufficient for the present. The Canadian contribution for 1949 to the Fund will be \$52,170.

Scale of Contributions

13. The Canadian Delegation should take the position that the scale of contributions should be based on the relative "capacity to pay" of member states and should not support, in any case, an assessment which is higher on a per capita basis than that of the United States.

A.D.P. HEENEY
for Secretary of State for External Affairs

258.

DEA/5475-K-40

*Note de la direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from United Nations Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], June 17, 1949

ELECTIONS TO THE EXECUTIVE BOARD OF WHO

You will recall that the U.S.S.R. and the Ukrainian S.S.R. withdrew from membership in the World Health Organization last February and that, since that time, efforts by member governments to induce them to reconsider their decision have been fruitless.

2. The U.S.S.R.'s withdrawal left a vacancy on the eighteen-member Executive Board, to which the Soviet representative was elected in 1948 for a two-year term. This vacancy is in addition to those occasioned by the automatic retirement from the Board this year of six member states, under the provision of WHO's Constitution.

3. While we have not yet received any official notification that Bielo-Russia has also withdrawn from WHO, I think it is a safe assumption that they have followed the lead of the U.S.S.R. and the Ukraine. If so, one other vacancy on the Board has been created, since Bielo-Russia was elected in 1948 for a three-year term on the Executive body.

4. In connection with this matter, the United Kingdom Brief on the Assembly agenda reads, in part, as follows:

"The U.K. are also opposed to the Director General's suggestion, made verbally during a recent visit, that the U.S.S.R. and Bielo-Russian seats on the Board should remain vacant so as not to slam the door against their possible return. They think this point could be met by making it clear when electing Members to fill the vacancies for the unexpired term that they would cease to serve if the U.S.S.R. and Bielo-Russia decided again to designate persons to serve."

5. It is my opinion that the Canadian Delegation should go along with the United Kingdom view that the Russian and Bielo-Russian seats should not be left vacant. On the other hand, I do not agree with the United Kingdom view that members elected to fill the vacancies for the unexpired terms should be asked to step down if the two countries decide they wish to resume their seats.

6. I discussed this question with Mr. MacDermot who is in agreement with the views expressed in the preceding paragraph. He also agrees that the Canadian Delegation should oppose any move to accord preferential treatment to the U.S.S.R. or her satellites.

7. If you agree, I should be grateful if you would sign the attached despatch† to the Head of the Canadian Delegation to the World Health Assembly.⁹⁸

J.W. HOLMES

SECTION J

CONFÉRENCE DIPLOMATIQUE SUR LA PROTECTION DES VICTIMES DE LA GUERRE
DIPLOMATIC CONFERENCE FOR THE PROTECTION OF VICTIMS OF WAR

259.

PCO/Vol. 124

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

Ottawa, March 26, 1949

SUBJECT: REVISED AND NEW CONVENTIONS FOR THE PROTECTION
OF VICTIMS OF WAR

At the invitation of the International Committee of the Red Cross, Canada participated in an International Conference of government experts in Geneva in April, 1947, for the purpose of preparing:

(a) A revision of "The Convention (revised) for the Amelioration of the Condition of the Wounded and Sick of Armies in the Field" concluded at Geneva, July 27, 1929.

(b) A revision of "The Convention Relative to the Treatment of Prisoners of War" concluded at Geneva, July 27, 1929.

(c) A revision of "The Convention (Xth Hague) for the Adaptation of Maritime Warfare to the Principles of the Geneva Convention" signed at The Hague, October 18, 1907.

(d) A draft text of a new Convention entitled "A Convention for the Protection of Civilian Persons in Time of War".

Canada is a signatory to the three Conventions referred to in (a), (b) and (c).

2. Following the Geneva Conference, the resolutions and amendments proposed by the government experts were consolidated into revised texts which were submitted to the XVIIth International Conference of the Red Cross at Stockholm in August, 1948. Canada sent a Delegation to that Conference which further revised the texts of these Conventions.

3. The Swiss Government invited Canada to a Diplomatic Conference to open in Geneva on April 21, 1949, for the purpose of preparing the final texts. Participating governments will also be asked to sign the new Conventions. On February 25,

⁹⁸ Note marginale aux paragraphes 6 et 7: Marginal note to paragraphs 6 and 7:
I agree A H[eeney]

1949, the Cabinet agreed that Canada should participate in the forthcoming Diplomatic Conference and also agreed that the Secretary of State for External Affairs, in consultation with other interested Departments select the personnel of the Canadian Delegation. The Canadian Delegation has been selected and will be headed by M.E. Vaillancourt, Canadian Minister to Yugoslavia.

4. An Interdepartmental Committee, composed of representatives from the Departments of External Affairs, Finance, Justice, National Defence, National Health and Welfare, Secretary of State, Transport, the Office of the Civil Defence Co-ordinator and the Royal Canadian Mounted Police, has devoted much study to the texts of the Conventions that are to be considered at the Diplomatic Conference. This study was conducted with a view to preparing instructions to guide the Canadian Delegation. The detailed comments of the Committee are contained in the attached briefs.†

5. Generally speaking, the revised texts of the first three Conventions, relating to the armed services, are substantially the same as those presently binding upon the signatories, but in some respects important changes are proposed. The proposed Convention relating to Civilians is entirely new. The Committee feels that Canada has a direct interest in these Conventions and should press for certain alterations in the texts on some of the more important issues, among which are the following:

(a) The Conventions should provide only the *minimum* standard of treatment to be given to war victims and allow for improvement in the interests of humanity.

(b) It is proposed to give preferential treatment to the International Committee of the Red Cross and to national Red Cross Societies. Canada should propose that all nationally recognized humanitarian agencies be extended the same privileges.

(c) It is proposed that governments shall incorporate into their educational systems the study of the new Conventions. Canada should propose that this requirement be subject to the constitutional position of the signatories.

(d) It is proposed that the four Conventions shall apply in the event of civil war. Canada should support the United Kingdom which strongly opposes this suggestion.

(e) The 1929 Conventions granted to medical personnel and chaplains attached to armies immunity against attack and the right of repatriation if captured. Canada should support the new proposal to retain such personnel in sufficient numbers to provide medical and spiritual aid to their fellow prisoners.

(f) Canada should support the addition of the following to those considered prisoners of war under the 1929 Convention: correspondents, civilian members of air crew, persons concerned with welfare of armed forces, organized "partisans", and members of merchant marine.

(g) The proposed civilian Convention will apply to all persons, in the hands of a power of which they are not nationals as well as to the whole population of a belligerent. Canada should propose that suitable reservations be made respecting the obligations of a signatory power towards its own nationals and persons suspected of hostile activities.

(h) Canada recognizes the humanitarian purpose of and need for these Conventions, but account must be taken of the consequences of total war and a realistic viewpoint should temper the idealism of the revised texts.

Recommendation

The Secretary of State for External Affairs therefore recommends that the Canadian Delegation to the forthcoming Diplomatic Conference in Geneva be authorized to express views in accordance with the observations outlined in paragraph 5 above and indicated in detail in the attached briefs prepared by the Committee if, in the opinion of the Head of the Delegation, it seems desirable to do so in the light of developments at the Conference.⁹⁹

[L.B. PEARSON]

260.

DEA/7949-AK-40

Note de la direction de l'économie
Memorandum by Economic Division

[Ottawa], July 7, 1949

Memorandum for File:

1. Yesterday afternoon, Mr. Max Wershof in Geneva spoke to me in the absence of Mr. Reid and Mr. Holmes concerning developments at the General Conference for the Protection of War Victims. He stated that over the past few weeks he had been sending messages to the Department warning us of the possibility that the Soviet Delegation might attempt to divert discussion at the Conference to questions of aerial warfare and atomic bombing. He said that he had received no comments of any kind from the Department but that the situation which he feared had now arisen. The Soviet Delegation had introduced a resolution which was not seeking an amendment to the Treaty but which the Soviet Union wished the Conference to adopt.

2. The exact wording of this resolution will be teletyped to us this morning. Among other things, it states that it is the duty of all governments who have not ratified the Protocol of June 17, 1925, to ratify the said Pact in the near future and that it is similarly the duty of all governments to prohibit atomic weapons and other similar means for mass extermination of population.

3. Wershof pointed out that the Conference is discussing a Red Cross Convention for the protection of civilians in time of war and methods of regulating enemy aliens and there was never any intention that it should consider problems having to

⁹⁹ Le cabinet approuva la recommandation, le 31 mars 1949, sujet à reconsidérer l'article (b) ci-dessus, qui inquiétait le premier ministre à l'effet que cela:
Cabinet approved the recommendation on March 31, 1949, subject to reconsideration of (b) above, which the Prime Minister worried:
might enable the establishment of agencies of a character which would result in evasion of obligations under the Conventions.

do with the general conduct of a war. Therefore, the Canadian Delegation along with a number of others would argue that this Conference is not the place for such a discussion and move that the Soviet resolution be ruled out of order. In the event that the Conference decided the Soviet resolution should be discussed on its merits, the Canadian and other delegations would then seek time for a study of its proposals.

4. In the event that a discussion of the resolution was to take place, the Canadian Delegation, as at present constituted, was not competent, according to Wershof, to debate questions of atomic bombing and would require to have some officer familiar with this subject proceed to Geneva at once to assist the delegation.

5. I stated that there was no officer at any European mission who could be considered an expert in this field and that if we were to send someone to Geneva it would have to be either George Ignatieff or John Starnes from New York.

6. I later discussed Wershof's proposal with the Under-Secretary who expressed the view that in order to debate the Soviet resolution intelligently and effectively it was not necessary to have a detailed and expert knowledge of atomic warfare. He was not of the opinion that it was essential to send such an expert to Geneva but suggested that Mr. George of the Defence Liaison Division in consultation with the United Nations Division should prepare a brief for the guidance of the Canadian Delegation and that Wershof, particularly with his training as a lawyer, should be able to present the Canadian arguments based on that brief.

H.O. M[ORAN]

261.

DEA/7949-AK-40

*Le secrétaire d'État aux Affaires extérieures
pour le représentant permanent des Nations Unies, Genève*

*Secretary of State for External Affairs
to Permanent Representative to United Nations, Geneva*

TELEGRAM 173

Ottawa, July 8, 1949

CONFIDENTIAL

For Canadian delegation to Diplomatic Conference. Begins. Your telegrams Nos. 145† and 146† and Moran's telegram No. 171 of July 7.†

Your attitude to the Soviet resolution calling on governments to outlaw weapons of mass destruction, whether bacteriological, chemical or atomic, may be governed by the following considerations:

(a) As you point out, the Conference has been called to prepare final texts of Conventions for the protection of victims of war and not, repeat not, for the purpose of considering how wars should be conducted.

(b) For the past three years, the United Nations Atomic Energy Commission has been trying to reach agreement on the international control of atomic energy. If agreement in this field is reached, an attempt might be made to control other means of mass destruction, but there are much greater technical difficulties in the way of

controlling bacteriological and chemical warfare because the processes of manufacture are simpler and the source of materials more widespread, thus making effective inspection virtually impossible. In the field of atomic energy, however, the UN has recognized that international control is technically possible, but the Soviet Union has consistently refused to accept the minimum requirements of an international inspection and control which the great majority of the United Nations consider essential for their security.

(c) Until the United Nations have reached agreement for international control of atomic energy there can be no prohibition of atomic weapons; yet those who stand in the way of international control are the ones who press most loudly for prohibition of atomic weapons.

(d) By an overwhelming vote the General Assembly on November 4, 1948 charged the Atomic Energy Commission and in particular its six permanent members (including Canada) to continue their efforts to reach an agreed system of international control. The AEC has tried to reach agreement and has just decided to postpone further efforts until the Six Powers have met in an attempt to make a fresh start. Their meetings will probably begin before the end of this month. It would therefore be premature to anticipate the results of their meeting by passing a resolution on the subject on which the General Assembly has given them specific responsibility.

(e) We have no objection to paragraph (b) of the Soviet resolution, as we have ratified the Protocol of June 17, 1925; this part appears to be aimed at the United States which has not ratified. If, however, the Soviet delegate tries to use paragraphs (a) and (c) of his resolution to extend the scope of the Convention for the Protection of Civilians in Time of War to situations which have little to do with the more limited purposes we believe the Convention should serve, you should be guided by paragraphs 9 (a) and (b) of the Commentary prepared by the Inter-Departmental Committee in Ottawa. We think it is unrealistic and unnecessary to attempt to draft a Convention to be applied to *all* civilians as each government should be free to exercise its own discretion in dealing with its own nationals.

2. The Soviet approach to the atomic energy problem is simple and well known. They want prohibition without control. As all peoples long for security from attacks by weapons of mass destruction, the Soviet Union has exploited to the full for propaganda purposes their desire for prohibition and has tried to evade responsibility for the absence of agreement on the fundamental questions of inspection and control.

3. Arguing along the above lines, you should if possible seek to have the Soviet resolution ruled out of order. If it is discussed nevertheless, you should, in consultation with the countries associated with us in the Six Powers Talks (U.K., U.S., France and China), seek to amend the resolution by making it effective only in the event of an international system of inspection and control having been approved by the UN and ratified by its members. If some such amendment is not passed, you should oppose the Soviet resolution (if you find you are in good company in so doing); alternatively you should abstain, as you did when a similar resolution was

introduced at the 17th International Red Cross Conference in Stockholm August, 1948, if this course seems preferable in view of the attitude of other delegations.

4. I doubt, in the circumstances, whether the Soviet resolution will reach a vote, but, if there is any prospect that it will, we must have made clear that we are going to abstain not because we do not wish as much as anyone to see weapons of mass destruction outlawed, but because it is not within the terms of reference of the Conference and would be anticipating what is already the concern of a special organ of the UN.

5. I should be grateful for your comments on these instructions. As you see, we regard the problem essentially as a familiar propagandist move on the part of the Soviet Union, and not as a serious proposal requiring technical advice, for which the Atomic Energy Commission would be the proper forum. However, we shall be glad to furnish whatever other technical information you feel you may require, and are sending you by bag certain UN documents on atomic energy which may help you to see the Soviet proposal in the perspective of the UN discussions.

262.

DEA/619-B-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, December 1, 1949

RE: THE GENEVA CONVENTIONS FOR THE PROTECTION OF VICTIMS OF WAR.

You will recall that, at the invitation of the International Committee of the Red Cross, Canada participated in an International Conference of Government Experts in Geneva in April, 1947, for the purpose of preparing:

- (a) A revision of "The Convention for the Amelioration of the Condition of the Wounded and Sick of Armies in the Field" concluded at Geneva, July 27, 1929;
- (b) A revision of "The Convention Relative to the Treatment of Prisoners of War" concluded at Geneva, July 27, 1929;
- (c) A revision of "The Convention (Xth Hague) for the Adaptation of Maritime Warfare to the Principles of the Geneva Convention" signed at The Hague, October 18, 1907;
- (d) A draft text of a new Convention entitled "A Convention for the Protection of Civilian Persons in Time of War".

Canada is a signatory to the three Conventions referred to in (a), (b) and (c). The Civilian's Convention (d) is a new one.

2. The resolutions and amendments proposed by the Government Experts were consolidated in the revised texts which were submitted to the XVIIth International Conference of the Red Cross at Stockholm in August, 1948. The Cabinet approved that Canada should also participate in that Conference, which further revised the texts of these Conventions. This Conference also recommended that a Diplomatic

Conference be convened later to review the texts of the Conventions, which had been previously revised by the two previous Red Cross Conferences, and to prepare them in final form for signature by governments. At the request of the Swiss Government, Canada sent a delegation to this Diplomatic Conference, which was convened in Geneva from April 21 to August 12 of this year.

3. From the time of the first Geneva Conference, an Interdepartmental Committee has existed on which has been represented the Departments of External Affairs, Finance, Justice, National Defence, National Health and Welfare, Secretary of State, Transport, the Civil Defence Co-Ordinator and the R.C.M.P. This Committee has met regularly to study the texts of the various revisions of these Conventions and has also prepared instructions which were approved by Cabinet for the guidance of Canadian delegations to the three Conferences. The Committee has reviewed the report of the Canadian delegation to the Diplomatic Conference and has given careful study to the texts of the Conventions, as adopted by that Conference, in order to determine whether these Conventions are acceptable to Canada and what reservations, if any, should be made at the time of signature.

4. The Committee has now completed its work (minutes of its last meeting attached)† and has concluded:

(a) That the first three military Conventions are substantially the same as those presently binding upon the signatory powers, including Canada and that the text of the Civilian's Convention, although not the most desirable and acceptable from a Canadian point of view, is, nevertheless, the only text that can be adopted in view of the conflicting interests of such a great number of countries (59 governments were represented at the Conference). Moreover, the text is subject to a sufficiently broad interpretation to warrant Canada's acceptance;

(b) That appropriate legislation will have to be passed in order to restrict the further use of two emblems recognized in the Conventions, i.e. the Red Crescent and the Red Lion and the Sun. The Secretary of State Department intends to introduce new trade mark legislation and is of the opinion that there will be no difficulty in incorporating such protection in the new legislation. This is the only new legislation which will be required to implement the Conventions. The emergency powers normally granted to the government in time of war should enable it to meet its other obligations under the Conventions;

(c) That Canada should sign the four Conventions at the formal Signing Ceremony to be held in Geneva on December 8, 1949, and that a reservation should be made with regard to the second paragraph of Article 68 of the Civilian's Convention.

5. We are informed that the United Kingdom and the United States will sign the four Conventions (the United States has already signed the first three Conventions), and that each government intends to make a reservation with respect to the second paragraph of Article 68 of the Civilian's Convention. At the present time this Article would prohibit an occupying power from imposing the death penalty on a civilian within its jurisdiction if the law of the territory occupied did not provide for such a penalty. The Committee and especially the representative from the Department of National Defence was of the opinion that Canada should reserve the right

to impose the death penalty for certain offences if the occupying power decided this was necessary in its military operation. The wording if the proposed United Kingdom reservation is as follows:

“The United Kingdom reserves the right to impose the death penalty in accordance with the provisions of Article 68, paragraph 2, without regard to whether the offences referred to therein are punishable by death under the law of the occupied territory at the time the occupation begins.”

6. The recommendations and conclusions of the Committee have been concurred in by the Deputy Ministers of all the Departments represented on the Committee as well as by the Civil Defence Co-Ordinator and the R.C.M.P.

7. These Conventions will not be binding upon the signatory powers until they are ratified. There is no time limit for ratification. The Conventions are to come into force 6 months after the date of deposit of 2 instruments of ratification. They are to come into force thereafter with respect to each High Contracting Party 6 months after the deposit of its Instrument of Ratification.

8. Order-in-Council P.C 1746, dated April 7, 1949, authorized the issue of Full Powers to “Emile Vaillancourt and Max Hirsch Wershof, or either of them, to negotiate and sign ad referendum in respect of Canada such Conventions as may result from the work of the Diplomatic Conference...”. In view of the terms of this Order-in-Council, it is not necessary to ask for new Full Powers. In view of the recent developments in Belgrade, I feel that Mr. Vaillancourt should remain close to his post and I, therefore, recommend that Mr. Wershof be instructed to proceed to Geneva for the Signing Ceremony.

9. In view of the instructions given to the Canadian delegation to the Diplomatic Conference at Geneva which were approved by the Cabinet and in view of Order-in-Council P.C. 1746, I do not consider it is necessary to refer this matter again to the Cabinet.

10. Do you agree?¹⁰⁰

A.D.P. H[EEENEY]

¹⁰⁰ Note marginale:/Marginal note:
Yes LB P[earson]

CHAPITRE IV/CHAPTER IV
SÉCURITÉ DE L'ATLANTIQUE DU NORD
NORTH ATLANTIC SECURITY

PREMIÈRE PARTIE/PART 1
NÉGOCIATION DU TRAITÉ DE L'ATLANTIQUE NORD
NEGOTIATION OF THE NORTH ATLANTIC TREATY

263.

DEA/283(s)

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

TOP SECRET

[Ottawa], January 4, 1949

Last week in New York I discussed with Mr. Wrong the draft of the proposed North Atlantic treaty as agreed on by the Ambassadors' Committee in Washington. This draft is in the nature of a first reading and has not yet been cleared in Washington above the level of the Under-Secretary of State, though General Marshall is, I believe, familiar in a general way with its terms. At the present time, Mr. Lovett is discussing the draft with the White House, Congressional leaders and the War Department. It may be therefore that the second draft, which will be submitted later in the light of observations received from governments, will differ in certain substantial respects from the one we now have before us.

I am outlining below the views which we agreed on in New York on the various articles of the draft.

Article 1. (Peaceful Settlement) — The parties undertake, as set forth in Article 2 of the Charter of the United Nations, to settle their international disputes in such a manner that peace, security and justice are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Though juridically this article is unnecessary for those signatories who are members of the United Nations, it is politically desirable. We felt that it might be advantageous to include in the treaty an article along the lines of that suggested by the French representative providing that the parties will refer to the International Court of Justice all disputes which come under the provision of Article 36 of the Statute of the Court. When the French Ambassador submitted an article to this effect, it did not secure general approval in the Working Group, but Mr. Wrong will take the matter up again in the second reading. One difficulty is that the United Kingdom has maintained certain reservations regarding submissions to the Court and there would be no value in including a paragraph of this kind in the draft unless those reservations were abandoned.

Article 2. (General Welfare)—The parties will encourage cooperative efforts between any or all of them to promote the general welfare through collaboration in the cultural, economic and social fields. Such efforts shall, to the greatest possible extent, be undertaken through and assist the work of existing international organizations.

We have been doing our best to include in the draft some positive reference to economic and social collaboration between the signatory powers in order to broaden the basis of the agreement beyond that of a mere military alliance. This paragraph is the best we have been able to secure as yet, though we hope that there will also be a reference to economic and social collaboration in the preamble. Mr. Wrong, however, will continue his efforts to strengthen this article in second reading, possibly by the inclusion of some such words as "The parties agree to make every effort in common to eliminate conflict in their economic policies and to develop the great possibilities of trade between them."

Article 3. (Mutual Aid)—In order better to assure the security of the North Atlantic area, the parties will use every endeavor, severally and jointly, by means of continuous and effective self-help and mutual aid, to strengthen their individual and collective capacity to resist aggression.

The only change that we have suggested to the above is the substitution of the words "individually and collectively" for "severally and jointly" (the latter are used in the Brussels Pact).

Article 4. (Consultation)—The parties will consult together whenever, in the opinion of any of them

- (a) The territorial integrity, political independence or security of any of the parties is threatened; or
- (b) There exists any situation which constitutes a threat to or breach of the peace.

This is a useful article and covers the possibility of "indirect aggression". The obligation, you will note, is one merely of consultation.

Article 5. Paragraph 1 (Mutual Assistance)—

- (1) The parties agree that an armed attack against one or more of them occurring within the area defined below shall be considered an attack against them all; and consequently that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations, will assist the party or parties so attacked by taking forthwith such military or other action, individually and in concert with the other parties, as may be necessary to restore and assure the security of the North Atlantic area.

This is the heart of the draft. The text seems generally satisfactory and goes further than we had thought the Americans would agree to. We should, I think, attempt to maintain this text, though I have a feeling that the Americans may try to water it down somewhat as a result of their discussions with Congressional leaders. The obligation is, of course, a specific one to come to the help of a country attacked, but the determination of what constitutes aggression in any particular case

remains with the individual signatories of the pact, as does the formal right or duty to declare war.

Article 5. Paragraph 2 (Definition of Area)—

(2) The provisions of the foregoing paragraph shall be applicable in the event of any armed attack directed against the territory, the population or the armed forces of any of the parties in:

Alternative A

- (a) Europe or North America;
- (b) The sea and air space of the North Atlantic area north of the Tropic of Cancer.

Alternative B

- (a) Europe or North America; Africa north of latitude 30° north and west of longitude 12° east;
- (b) The sea and air space of the North Atlantic area north of the Tropic of Cancer; and
- (c) The sea and air space of the Western Mediterranean, west of longitude 12° east [or if Italy comes in, longitude 20° east].

This is a most important article as it defines the geographical area which is to be covered by the guarantee of the pact. I think that our objective in this article should be to make it quite clear that the far northern area and the islands in the Atlantic are included beyond doubt in the security zone and that, on the other hand, the Mediterranean area, including North Africa, should be excluded. It would, I think, be desirable to have a map attached to the treaty identifying the area covered by the agreement. It is rather amusing to note that the guarantee would, either in alternative A or alternative B, cover an attack by Guatemala on British Honduras as this colony would be a "territory" in "North America". It should also be noted that the guarantee is applicable in the event of an attack on the armed forces of any of the parties in Europe or North America. This would cover an attack on United States forces in Germany, or indeed in Trieste.

Article 6. (United Nations)—

1. This Treaty does not prejudice in any way the obligations of the parties under the provisions of the Charter of the United Nations. It shall not be interpreted as affecting in any way the authority and responsibility of the Security Council under the Charter to take at any time such action as it deems necessary to maintain or restore international peace and security.
2. Any fact or situation constituting a threat to or breach of the peace and deemed to require consultation under article 4, or any armed attack requiring action under article 5, shall be immediately reported to the Security Council.
3. All measures taken as a result of article 5 shall be immediately reported to the Security Council. They shall be terminated as soon as the Security Council has taken the measures necessary to restore international peace and security.

This article seems to be satisfactory, though it would be improved if the first lines of paragraph 1 were changed to read, "This Treaty does not affect in any way the obligations...or the authority or responsibility of the Security Council, etc."

Article 7. (Other International Engagements)—The parties declare, each so far as he is concerned, that none of the international engagements now in force between him and any other of the parties or any third State is in conflict with or affected by the provisions of this Treaty.

In its present form this article seems to be juridically ineffective and should be changed to read:

“Each party to this Treaty agrees not to accept any obligations in conflict with this Treaty or with the Charter of the United Nations.”

Article 8. (Organization)—The parties hereby establish a Council, on which each of them shall be represented, to deal with matters concerning the implementation of this Treaty. The Council shall be so organized as to be able to meet promptly at any time. The Council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a Defence Committee which shall recommend measures for the implementation of Articles 3 and 5.

No change is suggested.

Article 9. (Accession)—The parties may, by agreement, invite any other country in the North Atlantic or Western European regions to accede to this Treaty. Any State so invited may become a party to the Treaty by depositing its Instrument of Accession with the Government of The Government of ... will inform each of the parties of the deposit of each such Instrument of Accession.

We should try to have an additional article inserted after the above Accession article to read somewhat as follows:

“The parties may, by agreement and on terms to be agreed with the State concerned, extend some or all of the provisions of this Treaty to any other country in the North Atlantic or Western European regions whose defence is considered vital to the defence of the parties to this Treaty.”

The value of such an article would be that it would make possible special arrangements which would include additional territories, e.g. Italy. This, however, could only be done by agreement among the existing signatories. Some or all of the provisions could thus be extended by some or all of the signatories.

Article 10. (Ratification and Duration)—This Treaty shall be ratified by the signatory States and the Instruments of Ratification shall be deposited as soon as possible with the ... Government. It shall enter into force between the States which have ratified it as soon as the Ratifications of a majority of the signatories have been deposited and shall remain in effect for ... years from that date. It shall come into effect with respect to the other signatory States on the date of the deposit of their Ratifications.

After this treaty has been in force for ... years, each of the parties may cease to be a party one year after its notice of denunciation has been given to the ... Government.

The ... Government shall inform the Governments of the other parties of the deposit of each Instrument of Ratification and each Notice of Denunciation.

We feel that the duration of the treaty should be no longer than 20 years and might be even 16 or 12. We also suggest that an additional clause might be pro-

vided for registration of the treaty with the Secretary General of the United Nations; even though this is not juridically necessary, it would be politically useful and might read somewhat as follows:

"This treaty shall be registered by the ... Government with the Secretary General of the United Nations."

You will note that there are some points on which agreement has not yet been reached. The most important of these is whether or not Italy and French North Africa should be included. We feel that, while the arguments in favour of Italian inclusion are strong, the arguments against such inclusion are even stronger and that Italy might be taken care of by some guarantee outside the pact. It would, we think, be unwise for Canada to participate in any such guarantee which goes beyond the acceptance of the obligation to consult with the Italian Government in the case of a threat to the peace. Similarly, we feel that we should not support the inclusion of French North Africa in the agreement as this would give rise to possible colonial difficulties and introduce a new and complicating factor.

One difficulty that might arise if Italy and French North Africa were included would be the desire of Greece, Turkey and possibly Iran to be given the same treatment as Italy: this we certainly should not accept.

Another point not covered in the draft is the desirability or otherwise of an article permitting suspension or expulsion of signatories of the pact. We think that, on the whole, such an article would be useful and that provision should be made for suspension, to be followed in certain cases by expulsion; the decision in this regard to be taken by the Atlantic Council on the basis of rules of procedure to be established by it. This leaves open the question of whether expulsion should be by unanimous or two-thirds vote of the Council.

L.B. PEARSON

DEA/283(s)

264.

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TOP SECRET

Washington, January 4, 1949

Dear Mr. Pearson:

Since our conversation on the North Atlantic Treaty in New York on December 29th, I have drawn up a memorandum for my guidance and the guidance of Messrs. Stone and Rogers on the working group during the next stage of the discussions here. This is based in the main on the papers prepared by Messrs. Reid and Hopkins, of which you gave me copies, with modifications and additions arising from our own discussion. I am enclosing two copies of the paper, one for yourself and one which I shall be glad if you will pass to Mr. Reid.

The first part deals with the territorial scope of the Treaty and with the procedure to be followed. In dealing with the problems of Italy and North Africa, I have taken the line that we should prefer that Italy should not be a party to the Treaty and that French North Africa should not be specified as a part of the North Atlantic area. I have, however, expressed our attitude in terms which would permit our agreement to the inclusion of both Italy and North Africa if it becomes evident that this is the only solution for which general acceptance can be secured. I propose to resist strongly any suggestion that the North Atlantic group should give special assurances to Greece or Turkey, since I think that if we were to do more than promise to consult, if danger comes from that quarter, we should find that the obligations of the Pact would tend to become world-wide.

As to procedure, there is nothing that I need add in this letter to the three paragraphs that appear on pages 2 and 3 of the enclosure.

The first section of the second part of my paper deals with possible additions to the draft articles. I am almost certain that we shall not secure agreement on including an article dealing with the peaceful settlement of disputes between the parties to the Treaty. The State Department is alarmed at the prospect, partly because they fear that it will involve them in interminable discussions with their own lawyers. If the article were also, as we propose, to provide for the dropping of reservations to the jurisdiction of the International Court, we should get deeper into problems of definition. We will have another try at the proposal, but I have no hope that we shall succeed.

The fate of the proposed article on special arrangements will probably be the same, but for different reasons. I think that the State Department will resist it because they would not be ready to ask the Senate to accept an article which would permit the assumption of new international obligations without embodying them in a Treaty. That would be the effect of our draft, as it would authorize the parties to the Treaty to extend some of its provisions to other countries, presumably by decision of the Council set up by the Treaty.

The proposed article on suspension and expulsion is in the form in which we discussed it in New York. I do not attach great importance to its inclusion and, as I told you, the opinion in the negotiating group here is that it would be a mistake in this or in other connections to include in the Treaty itself any matter which would raise questions about voting procedure in the Council. My draft would leave it to the Council itself to settle the steps which would be necessary to bring about the suspension or expulsion of a party, except that it would require an interval of two months between suspension and expulsion.

I have also added a note on duration, based on our discussion, as this point was not covered in the papers prepared by Messrs. Reid and Hopkins.

The second portion of part 2 of the enclosure deals with drafting points, most of which are taken from the paper prepared by Messrs. Reid and Hopkins. I have, however, added a number of questions about the definition of the area in Article 5, paragraph 2, most of which we discussed in New York.

It looks as though we should not be able to have a meeting before Thursday, January 6th, as the British and some of the continental countries have not yet

received their instructions. The Brussels Permanent Commission met in London on December 30th and agreed that the governments should despatch instructions to Washington by tomorrow. I hope that the next stage will be fairly brief and that we shall be able to produce a complete text, except perhaps for the Preamble, before the end of next week. If we succeed in this, I shall hold myself in readiness to go to Ottawa so that I can be available when the text is considered by the Government.

Yours sincerely,

H.H. WRONG

P.S. Since I dictated this letter, you have spoken to me on the telephone about your discussion with the Prime Minister. In the light of this, we shall take a stiffer attitude than that suggested in the enclosure on the possibility of including North Africa and also on the membership of Italy. The enclosure is not meant for circulation to the other delegations. I am adding a supplementary note to it for the guidance of our own group.

H. W[RO]NG]

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET

Washington, January 3, 1949

NORTH ATLANTIC TREATY

COMMENTS ON REPORT OF THE WORKING GROUP OF DEC. 24TH, 1948

Pt. I. Questions of Scope and Procedure

A. Territorial Scope

1. *Italy.* The arguments are impressive for the simultaneous association of Italy with the Treaty in some manner. There should be, however, conclusive evidence of a united view among members of the Italian Cabinet before we should consider inviting Italy to become a party to the Treaty, either as an original member or by accession. It is on the whole preferable that some method of simultaneous association of Italy with the Treaty, short of full participation, should be developed. The case for Italian association does not rest on the argument that Italy could make a positive contribution to the defences of the North Atlantic area, for Italy could not do so. The case rests on the importance of maintaining the Western orientation of Italian policy and preventing the extension of Soviet influence into Italian territory.

It is suggested, therefore, that a special arrangement with Italy would be the most satisfactory outcome. This arrangement might contain a statement by the parties to the Treaty that they regarded Italian security as essential to the security of the North Atlantic area, and that they intended on their part to pursue a policy of political, economic and cultural collaboration with Italy. It might go on to say that if a threat to Italian security were to develop the parties would immediately consult together *and with the Italian Government* on the action to be taken.

2. *Greece and Turkey.* Under Article 4(b) of the draft Treaty the parties would be bound to consult, at the request of any one of them, in the event that the security of Greece and Turkey was threatened. To attempt to give more specific assurances to these countries would extend the obligations of the Treaty far beyond the North Atlantic area. It is suggested that if any more definite assurance is considered essential, the responsibility should rest with the United States and the United Kingdom rather than collectively with the parties to the North Atlantic Treaty.

The same position prevails even more strongly in the case of Iran. Furthermore, there are other countries which are fearful lest the development of a North Atlantic defence system may increase Soviet pressure against them. Unless, therefore, the obligations arising under the Treaty are limited to the North Atlantic area, we may find that the parties are subjected to demands for special assurances all over the world.

3. *North Africa.* It is preferred that the limits of the North Atlantic Treaty in the Eastern Hemisphere should be confined to the Continent of Europe and adjacent waters. There seems also little reason to fear that an attack could take place on French North Africa without a prior attack involving the European territory of one or more of the parties. On the other hand, the fact that Algeria is part of the metropolitan territory of France does create an unusual situation, although it may be noted that the French West Indies are also part of the metropolitan territory and are not included in the area to be covered by the Treaty. It is likely that in the long run it will not be a matter of much importance either to France or to the other parties whether French North Africa is included, but the inclusion of that area may add to criticism of the Treaty in some of the countries and qualify public support for it.

B. Procedure

1. *The Next Stage.* The Canadian understanding is that the adjournment which has been taken over Christmas and New Year's Day was for the purpose of securing the initial reaction of governments to the proposals developed at the meetings held in December. The next stage is to seek to complete the draft for formal submission to the seven governments, after considering their preliminary comments on the questions which were left undecided and their suggestions for improving the draft articles. At the end of the next stage of the discussions, therefore, as complete a draft as can be prepared should be formally submitted to the governments for Cabinet consideration.

2. *Final Stage.* In the Canadian view it is necessary for the successful launching of the Treaty that its signature should take place at a formal conference which the Foreign Ministers of the parties would be invited to attend. The conference need not last for more than perhaps three days, provided that a virtually complete agreement on the contents of the Treaty has been secured before it takes place.

3. *Joint Declaration on Signature.* It is suggested that at the time of signature a Joint Declaration might be issued by the parties explaining the purpose of the Treaty more fully, and in language more closely related to the present international situation, that would be possible in the text itself of the Treaty and preamble. Such a Declaration could be drafted so as to meet the charge that the Treaty was a violation of the spirit, if not the letter, of the United Nations Charter. In it the parties

could make clear their intention to adhere to the principles of universal collective security, and to work together to seek to establish the conditions in which the Security Council could exercise effectively its "primary responsibility for the maintenance of international peace and security". They could state that they had temporarily adopted the expedient, open to them under Article 51 of the Charter, of a collective security arrangement only because the Security Council had been unable to take the necessary measures to carry out its responsibility.

Pt. II. Additions to and Changes in the Draft Articles

A. Proposed Additions to Draft Articles

The following suggestions introduce points of some importance which are not covered in the draft articles.

1. *Peaceful Settlement.* An article might be added on the general lines of Article 8 of the Brussels Treaty. This would contribute to the positive and moral content of the Treaty, by making clear the intention of the parties to settle peacefully all disputes between themselves. Such an article should, however, go beyond the existing obligations of the parties, by eliminating, in respect of justiciable disputes between themselves, the reservations made by some of the parties in accepting the jurisdiction of the International Court. This purpose might be attained by adding an article on the following lines:

"The parties agree as follows in respect of disputes which may arise between any of them:

(a) all disputes falling within Article 36, paragraph 2, of the Statute of the International Court of Justice shall be referred to the Court and the decision of the Court shall be final and binding;

(b) all other disputes shall be submitted to conciliation;

(c) any party to a dispute which involves questions for which conciliation is appropriate, and other questions for which judicial settlement is appropriate, shall have the right to require that the judicial settlement of the legal questions shall precede conciliation.

The provisions of this Article shall not be interpreted as affecting the application of relevant provisions or agreements prescribing some other method of peaceful settlement, whether provided for in the Charter of the United Nations or otherwise."

2. *Special Arrangements.* It seems advisable to include an article which would permit the parties by agreement to make special arrangements with countries which are not full parties to the Treaty. If some of the countries whose membership is desired are unwilling to undertake the full obligations of membership, special arrangements with them may become necessary. Furthermore, it may prove wise to enter into special arrangements with some countries not bordering on the North Atlantic, such as Italy. An article might therefore be added after Article 9 on the following lines:

"The parties may by agreement between themselves, and on terms to be agreed with the state concerned, extend some or all of the provisions of this Treaty to

any other country in the North Atlantic area or in Western Europe, the defence of which is considered vital to the defence of the parties to this Treaty”.

3. *Suspension and Expulsion.* It is suggested that the question of the suspension or expulsion of parties to the Treaty requires further consideration. It might be left to the Council to determine the conditions whereby suspension or expulsion could be effected, through the addition to the Treaty before Article 10 of an article on the following lines:

“The Council established by Article 8 may suspend any party from membership of the Council or of any subsidiary bodies set up by the Council. The Council may declare that any party whose membership of the Council or of subsidiary bodies has been suspended for not less than two months has ceased to be a party to this Treaty.”

4. *Duration.* The duration of the Treaty was left blank in the draft of Article 10. It is suggested that an initial term of twenty years, with a requirement for two years' notice of denunciation, would be satisfactory.

B. *Drafting Points*

The following suggestions do not introduce any points of substance, but look to the improvement of the language of some of the draft articles in the interests of greater clarity.

Article 3. The phrase “severally and jointly” is legalistic and not easily intelligible to the general public. It might be altered to read “individually and collectively”, or, since those words are used later in the article, “separately and in common”.

Article 5, Paragraph 2. At the beginning of the article reference is made to “any armed attack directed against the territory, *the population*, or the armed forces of any of the parties”. The inclusion of the words “the population” does not appear to be necessary, since it would be impossible to attack the population of any party without attacking either its territory or its armed forces.

In both Alternatives A and B greater precision appears to be necessary in order to ensure that all island territories of the parties in the area are covered. The exact limits covered by the words “Europe or North America” are open to dispute. As it is intended to include the Arctic islands and the islands in the North Atlantic area which are part of the territories of parties, but not to include territories of parties south of the Tropic of Cancer, the initial phrase in either of the two alternatives might read, “Europe, or North America north of the Tropic of Cancer, or the Arctic regions.”

Unless a change of this nature is made the article would be open to the following interpretations, among others: (a) that some of the Arctic islands were not covered on the ground that they are a part neither of North America nor of Europe, and are situated in the Arctic Ocean and not in “the sea and air space of the North Atlantic area”; (b) that British Honduras and perhaps some of the West Indian islands belonging to the United States, the United Kingdom and France were included although they are south of the Tropic of Cancer, on the ground that they are part of North America; (c) that Greenland might not be covered, in whole or in part, on the

dual ground that it is not part of North America and that a large portion of it is not part of "the sea and air space of the North Atlantic area".

It should be noted that both alternatives would include Malta as part of the European territory of the United Kingdom, and might be held to include Cyprus for the same reason unless it is generally agreed that Cyprus is an Asiatic territory. It may prove desirable to attach a map to the Treaty, showing the exact limits covered by this paragraph.

Article 6. This article is drafted very much in the language of the Brussels Treaty. The language of the first two sentences might well be made more direct by combining them in a single sentence and avoiding the use of the words "prejudice" and "interpret". This might read as follows:

"This treaty does not affect in any way the obligations of the parties under the Charter of the United Nations, or the authority or responsibility of the Security Council to take at any time such action as it deems necessary to maintain or restore international peace and security."

Paragraph 3 of this article might also be changed slightly by using the exact language of the Charter so that its final phrase would read, "the measures necessary to *maintain or* restore international peace and security".

Article 7. As drafted the article asserts that none of the parties has any international engagements which are not in accordance with the Treaty. This is, however, a question of fact, and the article imposes no obligation. It might be expanded by adding the following sentence: "Each party agrees not to accept any obligations which are in conflict with this Treaty or with the Charter of the United Nations."

Article 10. It is proposed that the following additions should be made to the article as drafted:

(a) A clause providing for registration of the Treaty with the Secretary-General of the United Nations, even though this is not juridically necessary. The clause might read somewhat as follows: "This Treaty shall be registered by the Government of ____ with the Secretary-General of the United Nations".

(b) The usual provision on authentic texts and on the custody of the authentic texts. This provision might read as follows: "This Treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of _____. Duly certified copies thereof will be transmitted by that government to the governments of the other signatory states."

(c) The usual termination to the Treaty. This might read as follows: "In faith whereof, the representatives of the governments of _____, having exhibited their full powers found to be in good and due form, have signed this Treaty. Done at the City of _____, the _____ day of _____, one thousand, nine hundred and forty-nine."

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Note de l'ambassadeur aux États-Unis
Minute by Ambassador in United States

TOP SECRET

[Washington], January 4, 1949

With reference to my memorandum of yesterday dealing with the line to be taken during the next talks on the North Atlantic Treaty, Mr. Pearson spoke to me on the telephone this morning to say that he had gone over the draft with the Prime Minister. The Prime Minister's main concern was about possible political difficulties in Canada if French North Africa and Italy were included in the Treaty, and in particular French North Africa. He thought that this would introduce into public discussion of the Treaty the colonial question and possibly give rise later on to difficult issues should an independence movement develop strongly among the inhabitants of Morocco, Algeria or Tunis. Mr. St. Laurent was agreed that the inclusion or non-inclusion of this area is not a matter of much practical importance in relation to the main purposes of the Treaty, since it is impossible to see how an attack by a great power on French North Africa could take place without a previous attack on France or other parties to the Treaty.

Mr. Pearson did not elaborate on the Prime Minister's views about Italy except to say that he hoped that Italy would not become a full party.

He is going to go over the Working Group's report carefully with the Prime Minister and Mr. Claxton, but will not take it up with other Ministers until the next stage of the talks here has been completed. I told him that I hoped that we might complete this stage by the end of next week unless new and controversial questions were introduced which would require reference to governments. His intention is to submit his full report to the Cabinet when the forthcoming series of talks here has ended.

H. W[RONG]

266.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, January 5, 1949

NORTH ATLANTIC TREATY; WASHINGTON DISCUSSIONS; PROGRESS REPORT

30. *The Secretary of State for External Affairs*, referring to discussion at the meeting of December 1st, reported upon the progress of discussions in Washington between representatives of the United States and the Ambassadors of Canada and the Western Union Powers.

With the Canadian Ambassador he had gone over in detail a report which had now gone forward to governments setting out the principal features which it had been agreed should be included in a North Atlantic Treaty.

The Washington discussions had been informal and exploratory throughout and the report represented views on the official level only. It was concurred in by the U.S. State Department but had not yet been taken up with the White House nor with Congressional leaders. Consequently considerable revisions were still to be anticipated.

31. *Mr. Pearson* described the principal features contained in the Ambassadors' report.

It had been agreed that the Treaty should contain a guarantee of mutual assistance in a form which perhaps went somewhat further than the United States might eventually be willing to go. The Powers would agree to consult in the event of any indirect aggression; this was an important provision calculated to meet Communist subversion from within. The Treaty would provide for collaboration in the economic, cultural and social fields.

Agreement had not been reached on the area to be covered by the Pact and alternative provisions had been prepared for consideration. The French were anxious to include North Africa. The case for and against including Italy had also been discussed but no conclusion had been reached.

It had been agreed that the United States should approach Norway, Sweden, Denmark, Iceland and Ireland. Portugal would be approached by the United Kingdom.

32. *Mr. Pearson* said that when the Ambassadors met again next week they would consider the comments of governments upon their report. A second version of a draft treaty would then be produced for consideration by governments and for discussion with Congressional leaders in the United States. Thereafter a final text would be prepared for signature at a conference of Ministerial representatives.

33. *The Minister of National Defence* mentioned the possibility of introducing a resolution into Parliament at an early stage for approval of the Treaty. Whether or not this would be feasible would depend upon the timetable and upon the pressure of other Parliamentary business.

34. *Mr. Pearson* referred to a proposal put forward by Canadian representatives for a simultaneous declaration by the parties to the Treaty when it was ready for signature. The object would be to emphasize that the instrument was a "Pact for Peace", not a mere defensive military alliance and that it had been worked out within the framework of the United Nations.

35. *The Cabinet*, after discussion, noted with approval the report of the Secretary of State for External Affairs and agreed that, following the conclusion of the next stage of the Washington discussions, the text of the draft Treaty as then reported be considered by the Cabinet in detail; meantime the Prime Minister and other Ministers immediately concerned to be kept informed of progress.

With respect to the introduction of a resolution into Parliament prior to signature of the Treaty, it was agreed that this would be desirable if it proved feasible.

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*L'ambassadeur aux États-Unis
au sous-secrétaire d'État par intérim aux Affaires extérieures*
*Ambassador in United States
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], January 8, 1949

Mr. Pearson and I discussed the North Atlantic Treaty briefly with the Prime Minister yesterday. The Prime Minister said that he had read the draft with great care. There were three points which struck him as being important for the public acceptance of the Treaty in Canada.

(1) The areas specifically covered should not include any colonial territory. This applied to Algeria as well as to the rest of French North Africa. He would prefer also that Italy should not be a full partner in the Treaty, although special assurances might be given to Italy of the concern with which Italian security was regarded by the other parties. These assurances might be given by the U.S., the U.K. and France, but if it was felt necessary that they should be given in the names of all the parties, he would be willing that Canada should join in them. No special assurances should be given collectively to Greece, Turkey or other countries.

(2) He would prefer that the Treaty should be for a firm term of twelve years. If a longer term was accepted, he thought that it would be well to include a provision which would permit the parties to hold a conference in eight or ten years to discuss whether further continuation of the Treaty was necessary to assure international security. The Prime Minister said that obviously the Treaty was now directed towards the Soviet Union, and while this state of affairs continued, it would be politically easy to defend Canadian participation. The world situation, however, may change drastically within a decade.

(3) The Prime Minister thought that we need not support or oppose the introduction of a reference to constitutional process in the Treaty, but could leave that to the United States. On balance such a provision would be of some value in defending the Treaty in Canada, even though it was only a statement of the obvious.

H. W[RONG]

268.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-76

Washington, January 12, 1949

TOP SECRET

Following for Reid from Wrong, Begins: Reference North Atlantic Pact.

The Working Group met in long sessions on January 10th and 11th. The purpose of these meetings has been to examine the draft Articles one by one and to extract questions arising out of each in the light of instructions received from Governments. All representatives had instructions except the Belgians. While the Dutch had received theirs, they included an instruction to consult with the Belgians on their instructions. Neither the Dutch nor the Belgians, therefore, were able to express any very firm views on the important points even on the working level. An Ambassadors' meeting has been set for Friday next at 3:00 o'clock.

I shall take up the draft Articles one by one below and give you a brief outline of questions which arose in connection with each.

Article 1

A slight revision was made in this Article to make its language conform exactly with that of the Charter. In place of the present wording, please now read after "in such a manner" the words "that international peace and security, etc."

Article 2

The French suggested deleting the words "to the greatest possible extent". Our representatives said that they could not agree with this deletion. We made the point that while we had not at all in mind the setting up of new and complicated international cultural, economic and social organizations, we believed that the Article would be rather worse than useless if it did not provide for the possibility of breaking new ground in these fields. We repeated, as we have said on so many other occasions, that the Canadian Government attached high importance to the inclusion of a strong Article to give the Treaty a positive slant in other fields than strictly military. Other representatives agreed with us, but the French reserved their position which was apparently all they could do on the working level in view of their instructions.

Article 3

A United Kingdom amendment was proposed and accepted combined with a suggestion from us. The first phrases of the draft now should read:

"In order more effectively to achieve the objectives of this Treaty, the parties will use every endeavour, separately and jointly..."

Article 4

The Americans, on re-examination of this draft Article, took strong exception to paragraph (b) in that it is so broad that it might be interpreted as substituting consultation between the parties for the work of the Security Council. We suggested that the division between (a) and (b) should be done away with, and that the Article should read:

"...opinion of any of them the territorial integrity, political independence, or security of any of the parties is endangered by any situation which may constitute a threat to or a breach of the peace."

This text was tentatively accepted but the Americans wished to give it a little more thought. They would agree to ending the Article after the word "endangered".

While I would prefer the above wording, I should think if the last phrases were omitted it would not seriously impair the effectiveness of the Article.

Article 5, paragraph 1

No changes were suggested by the Working Group.

Article 5, paragraph 2

The principal problem arising out of this Article is that of the inclusion or exclusion of Algeria and most of the discussion was on this. The French instructions seem to be completely intransigent and on the working level Berard has made some rather rash statements about the complete inacceptability to the French of a Pact which did not include at least the three Departments of Algeria. At both meetings of the Working Group there has been some pretty plain talk. The United States representatives have brought out into the open their two principal objections—

(a) That the inclusion of Algeria would bring up the whole controversial problem of overseas territories, and

(b) That their military people are fearful lest the Pact might be called into operation in the event of native tribal troubles in these areas.

The British representative put it on the record that his instructions are to "urge the French not to press the matter of the inclusion of Algeria in view of United States and Canadian resistance". Our representative spoke strongly against the inclusion of North Africa and expressed the opinion that the matter had gone as far as it could in the Working Group and should now be referred to Ambassadors and, if necessary, back to Governments for further consultation between them. He added that quite apart from the question of the inclusion of North Africa and Italy, further thought would obviously have to be given to the exact definition of Africa. The Working Group generally agreed on this and it was pointed out that in addition to the question of the inclusion of North Africa and Italy it would be difficult to define the area exactly until it was known what other countries would be members. Paragraph 2 of Article 5, therefore, has still to be worked on.

Article 6, paragraph 1

The Canadian revise of paragraph 1 is tentatively accepted with one amendment, and now reads as follows:

"1. This Treaty does not affect, and shall not be interpreted as affecting, in any way the obligations of the parties under the Charter of the United Nations, whereby they recognize the authority and responsibility of the Security Council to take at any time such action as it deems necessary to maintain or restore international peace and security."

Article 6, paragraphs 2 and 3

The United States representatives said that they had had further discussions with the United Nations authorities in the State Department on these paragraphs out of which certain points have arisen. The United Nations experts pointed out that it could be argued that paragraph 2 invokes Article 54. Therefore it might be maintained that, if the Treaty is supposed to come only under Article 51 and not under Chapter VIII of the Charter, its text should be restricted to Article 5 alone. No

decision was reached and the State Department are going to discuss the question further.

Our proposal to make a drafting change to use the exact language of the Charter in paragraph 3 and to say "the measures necessary to maintain and to restore international peace and security" was discussed. It was pointed out, however, that this Article was concerned with measures taken as a result of Article 5, which presumably means that an armed attack will have taken place. In the circumstances, it was thought that it was more appropriate to say only "to restore international peace and security".

Article 7

Our suggestion that Article 7 should carry an obligation as well as state a fact did not meet with general favour. The United States representatives in particular disagreed with it on the grounds that it would create difficulties with Congress.

The United Nations experts in the State Department would prefer the elimination of Article 7. If this is not considered advisable they then suggest that the order of the wording should be changed and some text accepted along the following lines:

"The parties declare, each so far as he is concerned, that none of the provisions of this Treaty is in conflict with or affected by any of the international engagements now in force between him and any other of the parties or any third State."

Article 8

The French suggested substituting for the words "which shall recommend measures", the words "which shall prepare the plans and recommend the steps".

The United States wished to amend the present text by inserting the word "general" before the word "measures". They said that the French amendment would be quite unacceptable to the United States military authorities. They thought that in order to go part way to meet the French wishes they might persuade the military authorities not to insist on the inclusion of the word "general". In explaining the matter Hickerson said that the United States concept of the Military Committee set up under this Pact was that it would be an organization on which all signatories would be represented, that it would meet, say, once a quarter to consider available facilities, etc., and that the real planning would be done by the smaller organization now operating in London under the Brussels Treaty with United States and Canadian representatives participating. He could not see that a "rival" organization could be set up by the present Treaty, nor could he see the French Chiefs of Staff, for instance, agreeing that, say, Iceland should have a say in their over-all strategic planning.

The French had a different concept of the Military Planning Group set up under the present Treaty. They envisaged perhaps a large Group on which all signatories would be represented, and a smaller Group which would concern itself with the defence of the whole area covered by the Treaty, whereas the Military Committee sitting now in London concerned itself more specifically with the defence of Western Europe as provided for in the Brussels Pact.

The British representative on the Working Group put forward the views of his Government which were similar to those of the United States representatives.

At this point the French representative made a pessimistic statement to the effect that particularly France and the United States seem so far apart on Article 5, paragraph 2, and Article 8 that he wondered whether any satisfactory compromise could be found. He insisted that no Treaty which did not under Article 5, paragraph 2, include Algiers, and under Article 8 indicate that some immediate military planning would be put in train would ever be accepted by the French Assembly or by French public opinion. The British representative interjected that he could not speak for the French Government, but he could speak for the United Kingdom Government and say that they were in no position to "insist" at all on anything and that they had no intention of looking a gift horse in the mouth "however remotely". It was also pointed out to the French representative that this Treaty, if successfully concluded, would accomplish the purposes of French foreign policy over the last thirty years. As an indication of how disillusioned and pessimistic the French representative is, I should say that he disagreed with this statement and pointed to the Kellogg Pact as having once accomplished the purposes of French foreign policy.

The French representative said that he would have to seek further instructions from his Government on Article 8.

The French representative said that his Government was prepared to insist no longer on the idea that the Council created by the Treaty should be an agency of conciliation between the parties to the Treaty. He also has ceased to insist on the inclusion of an Article specifying the manner for the peaceful settlement of disputes between the parties. In view of the recent conversations which I had with the Minister, our representative did not re-introduce the draft on peaceful settlement which was prepared. Hickerson gave it as his view that the dropping of these two matters meant that the negotiations, in view of the difficulties which they anticipated with both their legal advisers in the State Department and people in Congress, had been shortened by approximately one month.

Article 9

The beginning of this Article was re-worded as follows:

"The parties may by agreement invite any other neighbouring European State to accede to this Treaty." I can say that no member of the Working Group expressed any enthusiasm over this wording, but it was accepted tentatively until a better draft is found.

Article on Special Arrangements

Our representative put forward the draft of the Article on Special Arrangements which we had prepared to follow Article 9. This suggestion found no support in the Working Group. Each representative said that his country as an original signatory to the Treaty would be delighted to take advantage of this Article and subscribe to the Treaty under it by making their own conditions. Hickerson added seriously that they would meet with considerable opposition from Congressmen on the other ground that this might be interpreted as giving the Council power to negotiate agreements with other countries under which the United States would be commit-

ted, but which would not be submitted necessarily either to Congress or to the President.

Article 10

Discussion of this Article was under three headings.

(a) *Ratification*

It had been suggested by the United Kingdom that after the words "a majority of the signatories" there should be inserted the words "including Canada, France, the United Kingdom and the United States". For the most part it was thought that this would be inadvisable as it smacked too much of the veto. In particular, our representative said that he would not wish Canada to be included in this group. Hickerson said, half seriously, that he did not think the United States would agree to being named unless Canada was named also. It was, of course, recognized that in light of history, European countries when asking for power to ratify would immediately be faced with the question—what is the United States going to do? Hickerson said that he thought that in presenting the problem of ratification to their Governments and to their Parliaments, it could be said that in Washington it was generally agreed that no country would deposit its ratification until the United States had done so.

(b) *Duration*

The Working Group was informed yesterday afternoon, as I have already told you in an earlier message, that the Under-Secretary of State was thinking in terms of 12 to 20 years. The Brussels Powers, and in particular the United Kingdom and France, are thinking in terms of a longer Treaty, but the United Kingdom is prepared to settle for 20 years, although they have put forward as their present desideratum a period of 40 years.

Our representative put forward a paper yesterday afternoon containing the suggestion that if the Treaty was made for a period of twenty years or more it might be advisable to include a provision that probably at the half-way mark the signatories would consult at the request of any of them to determine whether, in the light of the progress made by the United Nations and its organs in the maintenance of international peace and security, it should be revised or terminated.

In the view of the Working Group generally this idea had merit. Most of the members, however, wanted some time to consider the exact wording of the provision and the suggestion will be discussed at a later meeting.

(c) Our representative also put forward a paper containing three provisions which might be included in Article 10, as follows:

- (a) Registration with the United Nations
- (b) Authenticity of texts
- (c) Paragraph providing for signature.

The majority of the Working Group thought that a provision for registration with the United Nations was not necessary.

The Working Group agreed that something along the lines of (b) and (c) would have to be included and it was thought that this could be done by the Group drafting the final texts.

Expulsion Clause

The idea of an expulsion clause did not find much support in the Working Group. The French representative said that his Government was against the inclusion of such a provision. You will recall also that the clause as drafted by us from the legal point of view might have required a provision that the Council should establish its rules of procedure. This, in the view of practically everyone in the Group, would introduce a complication. As only the French and ourselves were in possession of any Governmental reaction, it was decided to refer this matter back to Ambassadors and to Governments if they considered it necessary.

Preamble

There was a brief discussion of the preamble. A United States draft was circulated which I shall send you by bag. Our representative circulated a personal draft of his own which has at least the merit of brevity. The question was held over and no doubt other drafts will in due course be presented.

Declaration at time of signature

Our representative circulated the draft prepared in Ottawa of a declaration to be made at the time of signature. This was not discussed but the members of the Working Group will now individually give the matter some thought. Ends.

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DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-93

Washington, January 13, 1949

TOP SECRET

North Atlantic Treaty

1. To supplement our messages of yesterday, the following points, which have come up outside the discussions in the working group, seem worth reporting to you:

(1) Mr. Acheson's succession to General Marshall on January 20th will cause some delay, since it will, of course, be necessary for him to satisfy himself that he should take complete responsibility for what is being done.

(2) No one here seems to have a clear idea of the outcome of the meeting of Scandinavian Ministers last week. The Norwegian Ambassador tells me that he has not received nearly as clear an indication of his Government's readiness to join in the Treaty as was implied in [E.J.] Garland's recent telegram from Oslo. The press today reports that all the Scandinavian Ambassadors in Washington are being called back for consultation.

(3) Hickerson has told me that opposition to the inclusion of Algeria in the Treaty is firmly held in the Pentagon and that the reason is identical with our

own—that we should run no risk of involvement under the Treaty in native uprisings.

(4) Our conjecture is accurate that one of the reasons why the French wish to spell out in the Treaty the general powers of a defence organization is their fear that the Combined Chiefs of Staff may in practice become the central authority. On the United States side, they will not commit themselves at this point to support of a definite plan for organizing collective defence. Incidentally, the Combined Chiefs have not held a formal meeting for a long time, but have taken up some questions informally. I think the best current course for us, even though we share French apprehensions, is to leave the problem of defence organization under the Treaty for discussion in the Council later on. The United States will strongly resist putting in the Treaty anything more definite than the language of the present draft, and the United Kingdom will support them in this.

(5) You will have noted in [James] Reston's articles that pressure is being exerted for greater publicity about what we are doing. I have been seeking to hold Reston in check for a few days in the hope that we might get tentative agreement on the matters still under dispute and particularly on the area to be covered. He has been seeing Vandenberg and Dulles and insists on the importance of keeping the language sufficiently fluid to allow suggestions from them and from other Congressional quarters to be discussed and possibly adopted. Ends.

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*Le sous-secrétaire d'État par intérim aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Acting Under-Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-97

Ottawa, January 14, 1949

TOP SECRET

Following for Reid from Reid, Begins: North Atlantic Treaty. Your telegrams WA-76 of January 12 and WA-93 of January 13.

2. I shall discuss these matters with Pearson immediately on his return to Ottawa on Monday. Meanwhile, I thought it might be useful if you had my own hurried views on some of the questions.

3. I realize the strength of the arguments for leaving the problem of defence organization under the Treaty for discussion in the North Atlantic Council later on. However, my worry is that if Hickerson's views on Article 8, as set forth in your WA-76 are not commented on by us sometime during the discussions in Washington, they will remain on the record without any kind of questioning or challenge recorded as coming from us.

4. This is not a matter of attempting to put anything into the Treaty more definite than the language of the present draft. It is a matter of having the record of the Washington discussions make it clear that we do not support Hickerson's views.

5. I certainly share the fear of the French that the United States and the United Kingdom intend to maintain the Combined Chiefs of Staff, as in practice, the central authority. As you may know, under the emergency planning which is going on between the United States and the United Kingdom, the intention certainly seems to be to retain the Combined Chiefs of Staff and to subordinate to this body Western Union organs and presumably North Atlantic organs.

6. If the United States and the United Kingdom are successful in this and if hostilities should break out, we would find ourselves in almost exactly the same position as we were in during the last war when we were not consulted on questions of policy and when decisions were taken by individuals and bodies who had received no authority from us.

7. From our point of view it is of paramount importance that, to use Norman Robertson's phrase, any Supreme Commander in another war should derive his powers from a "Constitutional grant" from all the members of the alliance.

8. From your teletype WA-75,† it seems to me that Hickerson has confused the issue. I do not think anyone is suggesting setting up a "rival organization" under the present Treaty. It is, however, of very great political importance to us that Canada should be a full member of a Chiefs of Staff Committee along with the United States as a full member. How can we or the United States be full members of a Western Union Chiefs of Staff Committee? This smacks of the old "Allied and associated powers", which is an out-of-date concept.

9. I see no necessity for duplicating machinery. Some of the subordinate military organs of Western Union could, I assume, also be used as subordinate organs of the North Atlantic Union. Some bodies might meet at one time as Western Union bodies and at another time—even the same day—meet with exactly the same membership as North Atlantic bodies.

10. I wonder what Hickerson would say if you asked him how the Supreme Commander and the Commanders-in-Chief are going to be appointed under the North Atlantic Organization? Here it is essential for us that the Supreme Commander and the Commanders-in-Chief and the whole chain of command be appointed by the North Atlantic Organization. In this case it seems to me that the North Atlantic Commanders-in-Chief Committee must supersede the Western Union Commanders-in-Chief Committee.

11. These are mainly political arguments, but there is another set of considerations which have to do with the method of carrying out effective planning, whatever the formal structure created. If the United States does not want full membership in any Chiefs of Staff Committee, it confirms my view that they intend to do the real planning in the Combined Chiefs of Staff. I can understand their desire for this arrangement for emergency planning so long as there are not sufficient forces available to prevent the occupation of western Europe; this situation may last for two or three years. From their own point of view, the only possible argument for continuing this arrangement for long-term planning would be their fear of compromising defence information which they regard as vital. This would not, however, seem to me to be sufficient justification for maintaining the Combined Chiefs of Staff as the principal U.S.-U.K. organ for long-term planning. Certainly if they

intend to do the real long-term planning in the Combined Chiefs of Staff, it is difficult to see how any effective defence organization can be created under the Atlantic Pact.

12. You cannot, of course, use any references to emergency planning in the discussions. However, I think it would be worth while your trying to get some clarification from the United States and the United Kingdom representatives as to what they are driving at. We have been trying to avoid being excluded from the emergency planning, with some limited success. If the United States and the United Kingdom representatives mean what they said in the working group, there seems a danger that we will be omitted from the strategic planning under the North Atlantic Treaty. Ends.

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DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-101

Washington, January 14, 1949

TOP SECRET

Following for Reid only from Wrong, Begins: Re: North Atlantic Treaty.

My immediately following teletype† contains the text of a memorandum left at the State Department on January 12th at 5.00 o'clock by the Italian Ambassador in which is made known the desire of the Italian Government to be associated as an original signatory and to participate in the negotiations for a North Atlantic Treaty.

The new situation created by this Italian initiative was discussed in the working group yesterday afternoon. The members of the working group all regret this Italian initiative. However, it was the consensus in the group that it would now be difficult not (repeat not) to include Italy. In presenting this memorandum to Hickerson, [Alberto] Tarchiani, the Italian Ambassador,¹ said that the effect in Italy of excluding her from the pact would be very bad. He said that it would lead to political unrest and create a field day for the Communists and the left wing Socialists. He also said that [Alcide] DeGasperi and Sforza were convinced in their own minds that they could cope successfully with any minor crises in the Cabinet which might arise if Italy were to sign, and carry [Giuseppe] Saragat with them, which they considered, of course, highly desirable, although they have an absolute majority in the Assembly without the right wing Socialists. Hickerson asked Tarchiani what he would think of the plan of making some sort of declaration about Italian security at the time of signature of the Treaty as an alternative to including Italy in the Treaty. Tarchiani gave it as his view that this would be not enough.

¹ Ambassadeur de l'Italie aux États-Unis.
Italian Ambassador in the United States.

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DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-120

Washington, January 15, 1949

TOP SECRET

North Atlantic Treaty.

1. Reference my WA-105 of January 14th, 1949.† The Ambassadors' group met yesterday afternoon. I shall in this message, and my three immediately following messages, report on the matters which came up for discussion. This message will deal with the question of Italy.

2. The Under-Secretary of State asked for the views of the Ambassadors on the question of the admission of Italy in the light of the new situation created by the presentation of the memorandum to the State Department by the Italian Ambassador, the text of which I sent you in my WA-102 of January 13th.† Each Ambassador agreed that in fact a new situation had arisen and that the complete exclusion of Italy from participation in the pact would, in their personal views, be much more difficult now than before, when we were operating in a field, as Lovett put it, where we had more freedom of action. All of the Ambassadors said they had referred the matter to their Governments and asked for guidance at the earliest possible moment. The general discussion, which was not long, followed in fact more or less the lines of the discussion in the working group yesterday, as reported in my WA-101.

3. I consider it important that I should have some guidance from you before Tuesday afternoon next, when it is planned to hold another Ambassadors' meeting. If we continue to oppose the inclusion of Italy it would be well if we could offer some other alternative suggestion, possibly by commenting on the text of the draft declaration which the United Kingdom suggested might be made in respect of Italy, Greece and Turkey at the time of signature of the treaty.

4. The Netherlands Ambassador yesterday afternoon, in the course of the discussion, made a suggestion which, in its purposes, is akin to the purposes of our suggested article on special arrangements. He put forward, tentatively, the text of a new article which might be added to the treaty as follows:

"The parties recognize that the attainment of the purposes of this convention may be promoted by the association of countries situated outside the area defined in article ____, which in matters of human rights, state, and society hold views similar to theirs. Agreements made with such countries to that end will be in the form of annexes to this convention, and will be considered as forming an integral part thereof".

5. This new article, you will see, provides for the association of countries situated outside the "North Atlantic area" as it is generally envisaged for the treaty, whereas

our suggested article on special arrangements, as it presently stands (it did not come up for discussion yesterday and was, you will recall, not supported by the working group), would allow countries within the "North Atlantic area" to participate in the treaty under special arrangements. I merely drew attention to the similarity between the Canadian and the Netherlands suggestions. Some Ambassadors, yesterday afternoon, thought that the Netherlands proposal had merit. Hickerson told me privately after the meeting that he did not think that it would be workable. Ends.

273.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-121

Washington, January 15, 1949

TOP SECRET

Reference my immediately preceding teletype. North Atlantic Treaty—Ambassadors' Meeting—Algeria.

The French Ambassador confirmed the reports which we have had from both London and Paris and the statements which have been made by the French representative in the working group here that the attitude of the French Government in this matter is absolutely rigid. Bonnet said that no French Government could ever accept and present to the Assembly a pact which excluded the three departments of Algeria. They are evidently prepared, although he said it could cause them difficulties, to exclude Tunis and Morocco. Bonnet made this statement for the official record of the Ambassadors' meetings and, he said, in the deepest seriousness.

The British Ambassador said that his instructions were that should it be possible for the United States to accept the inclusion of Algeria, his Government would be glad and would support its inclusion. If no solution could be found, the British Government could not support the French position.

The Under-Secretary of State explained that the military authorities of the United States still doubt the wisdom of including Algeria. The State Department in its thinking, (as indicated in the working group meetings,) were inclining to the view that the definition of the area by lines drawn on a map presented insuperable difficulties and that the solution to this problem probably lies in naming countries. They had thought of naming "France (including the three departments of Algeria)." They had not, however, arrived at any definite conclusions in the State Department itself and the matter was still under discussion with their military authorities as well.

I said that we were still of the view that it would be unwise for domestic political reasons in Canada to include Algeria. We quite appreciated the constitutional

situation, but its inclusion, nevertheless, could not fail to raise in the public mind the whole question of colonial overseas territories.

There seems to be no doubt, when one examines all the information that we have from Washington, London and Paris, that the French are not prepared to budge in this matter, even to the point of sacrificing the treaty. I should, therefore, be very glad to have any suggestions which you may have to offer. In my judgement the inclusion of Algeria would make no real difference in the operation of the treaty, although it might add an undesirable ground for public criticism of its provisions. Ends.

274.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-122

Washington, January 15, 1949

TOP SECRET

Following for Reid only from Wrong, Begins: Reference my immediately preceding teletype. North Atlantic Treaty—Ambassadors' meeting—duration.

The Under-Secretary of State informed the Ambassadors' group yesterday afternoon that while it had not yet been possible for the State Department to come to any definite conclusion, they were thinking in terms of 12 to 20 years. He thought that any period greater than 20 years would considerably increase their difficulties with Congress here.

All other Ambassadors except myself said that their Governments had been thinking in terms of 40 to 50 years. They indicated, however, that they appreciated United States problems in this matter and left the impression that they would be prepared to settle for 20 years, but would very much regret a shorter period than this. Franks mentioned 25 to 30 years. He said that the United Kingdom Government favoured a longer period for the principal reason that they thought that it would have a greater appeal for public opinion. Lovett said that of course the United States Government was not thinking in terms of any very short term treaty and he agreed that there was merit in the argument for a treaty of, say, 20 years. He repeated that the views of the State Department were not absolutely firm but definitely gave the impression that 20 years was the maximum to which they would be prepared to go.

I said that we were thinking in terms of 12 to 20 years and I put forward the suggestion that if it were as long as 16 or 20, it might be wise to have a permissive provision for review of the treaty at the half-way mark. This suggestion was considered to have merit by all present. I pointed out that it would offer an opportunity not only to terminate the treaty if conditions were such as to make this desirable, but also to strengthen it and give it a longer term of life if present tensions contin-

ued for, say, 10 years or got worse. I also said that it would give a further opportunity to refer to the Charter in the treaty and would provide an answer to criticisms which are being made in this country that the result of this pact would be to create a second United Nations organization and to substitute its agencies for the present authority and responsibility of the Security Council.

Obviously the question of duration cannot be definitely settled here until the State Department has taken further Congressional soundings. Ends.

275.

H.H.W./Vol. 6

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État par intérim aux Affaires extérieures
Ambassador in United States
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

Washington, January 17, 1949

Dear Mr. Reid:

In your message EX-97 of January 14th you expressed concern lest certain views on military organization under the North Atlantic Treaty which were put forward by Hickerson should remain on the record without being challenged by the Canadian representatives. I think that you need not worry about this. No official record of proceedings in the Working Group is kept, and the only papers coming out of the group are their reports and recommendations to the Committee of Ambassadors. Some of the representatives may, of course, keep notes of the discussions, but they are for their private use and have no standing whatever. This practice was adopted when the talks began, and it has permitted the Working Group to discuss the matters before it with great freedom and informality.

The Working Group has only discussed in a very general way the military organization which might be built up under the Treaty, and has made no recommendation to the Committee of Ambassadors. The question itself has not been discussed in the Committee of Ambassadors, and the Working Group has not been asked to make any recommendation on it. I doubt that the views expressed by Hickerson in the Working Group on military organization represent more than his personal estimate of what his Government might advocate at a later stage. I told him in private conversation some days ago that we would have to agree with the French if they were to express criticism of any proposal to employ the Combined Chiefs of Staff as an agency for military decision under the North Atlantic Treaty. He observed that he sympathized with the reasons which led me to make this remark.

In any case there is no record to be set straight, and I am strongly of the view that it would be unwise for us to introduce a detailed discussion of this problem at the present stage of the negotiations. My reason for this is that I would much rather have the Treaty in existence than run the risk of prejudicing its acceptance or prompting the introduction of unwelcome amendments by raising now matters which cannot in fact be settled until the Treaty is in effect. We shall, of course, have trouble in working out a solution of the problem which will meet our point of view.

As I think I have said to you before, my belief is that we shall get a better solution in the Council to be established under the Treaty so long as we are assured, as we are now assured, that the military agencies must be established by the Council.

There are, of course, going to be difficult problems over the relationship of the agencies established under the Brussels Treaty to those to be established under the North Atlantic Treaty. I think no-one could say now what solution will be found. I do not see how the Combined Chiefs of Staff could ever figure officially as one of the agencies for collective planning and control under the new Treaty, nor do I see how we could prevent the U.S. and U.K. from continuing the Combined Chiefs as a bi-lateral body if they want to do so. What we are avoiding, and will continue to avoid, is the acceptance of any suggestion that the Combined Chiefs have power to control Canadian plans and actions.

Incidentally, does the Canadian Government want the Combined Chiefs to be abolished? Can you give me a definite answer to that question? I doubt that you can.

Yours sincerely,

H.H. WRONG

276.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-140

Washington, January 17, 1949

TOP SECRET

North Atlantic Treaty. Reference my WA-129 of January 15th† drawing to your attention the State Department statement of policy which appeared in the "New York Times" on Saturday.

In conversation with Achilles today Stone said that it seemed to us that this was a good statement and gave useful background at this time when there was so much pressure for more detailed information about the present negotiations. He added that we were somewhat surprised, seeing it on Saturday morning, that Lovett had not mentioned at the Ambassadors' meeting Friday afternoon that it was to come out. Achilles was a little embarrassed at this point and said that the fact was that Lovett did not know that it was coming out. He then told Stone the history of the thing which I give you below as a matter of interest in indicating how the State Department sometimes works.

At the beginning of December it was suggested that some sort of background paper would be very useful, particularly for those officers of the Department who had to see representatives of various organizations (such as Eichelberger's United Nations Organization, C.I.O., A.F. of L., representatives of women's clubs, etc.) which they could use as a text from which to speak. Achilles agreed and the Press

Division of the State Department put one of its writers on the job of preparing the paper. It went through several drafts and was finally, very early in January, approved on the Achilles level. Since its approval it has apparently been used not merely as a text from which to speak but has, in fact, been given to the representatives of some organizations and its existence finally become known to some members of the press. On Thursday last late in the evening, or Friday morning, pressure became heavy for its release and Achilles, apparently on his own initiative, said that he could see no harm in giving it to the press as it contained nothing which had not already been said either here or somewhere else. (Achilles said, by the way, that they had cribbed from some of the Prime Minister's speeches and some of yours, as well as from some Canadian papers which have been submitted in the course of the present negotiations.)

The "New York Times" is the only paper which has taken the thing up in a big way. Shortly after it was received in the "New York Times" bureau here Reston called Hickerson and said that this paper which had just come into his hands was in his view one of the most important foreign policy statements which had come out of the State Department in years. Hickerson unfortunately himself did not know that the thing had been given to the press and asked Reston to which document was he referring. Reston replied that he was referring to the one on the Atlantic Pact and Hickerson said "Oh yes, that—yes—yes—it was a good statement".

I gather that there has been no unpleasantness at all about this in the State Department and that since the reaction has not been great and since what reaction there has been has been most favourable, Achilles has been given credit rather than censure for his initiative. He said to Stone that it never occurred to him that the "New York Times" would print the thing in full text, and that he thought that the most that would be done would be a Reston story as a follow-up to his previous stories.

Copies of the printed text were forwarded with our despatch No. 123† of January 15th. These are dated prematurely "Spring, 1949". Ends.

277.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*
*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-132

Ottawa, January 18, 1949

TOP SECRET

Following for Wrong: North Atlantic Treaty. Your WA-120, 121, 122, 123† and 129† of January 15th. I have now had an opportunity of studying these messages from you.

2. *Duration.* You should keep on pressing our suggestion that, if the duration is as long as sixteen or twenty years, there should be provision for review of the Treaty at the half-way mark. I think that this is a matter of some considerable importance.

3. *Netherlands Proposal on a Special Arrangements Article.* I see a good deal of merit in this proposal, which has the advantages of our former proposal without the disadvantage that it would tempt North Atlantic countries to participate in the Treaty under special arrangements instead of becoming full members. One obvious advantage of the Netherlands proposal is that it might provide the basis of a compromise on Italy.

On considering the Netherlands proposal, however, I suggest that the following text might be an improvement: "The Parties recognize that the attainment of the purposes of this Treaty may be promoted by the making of agreements with countries situated outside the area defined in Article blank, *which in matters of human rights, state and society hold views similar to theirs*, and whose defence is considered vital to the defence of the Parties to this Treaty. Agreements made with such countries for these purposes will be in the form of Annexes to this Treaty, and will be considered as forming an integral part thereof."

You will note that we have dropped the use of the term "association" which suggests the creation of second-class members of the Treaty.

In place of the underlined phrase we suggest it might be better to use whatever language is ultimately agreed on for the preamble, e.g., "democracy, political liberty and personal freedom."

I have also thought it might be useful to add the reference to defence. You will recall that our own suggestion for an Article covering special arrangements was based on a strategic rather than a political concept, and was designed to permit the making of special arrangements with countries which were vital to our defence. There might thus be two criteria under this Article for making special arrangements with a country, viz., that the country fulfils the ideological requirements and also that it is strategically necessary to the Parties. The application of both these criteria would eliminate requests from countries like Pakistan or Middle East countries.

The arrangements made under this proposed Article would presumably take the form of a multilateral undertaking between Parties to the Treaty on the one hand and a unilateral agreement by the state approached on the other. If one of the reasons for Hickerson's view that the Netherlands proposal would be unworkable, is that the Senate would object to this provision as permitting the Executive Branch of the Government to increase U.S. commitments, I think that this could easily be met by an understanding that the Annexes to the Convention would require ratification before coming into force.

4. *Italy.* I still hope that it may be possible to refrain from accepting the Italian request for full membership and that Italy would be covered either by a declaration or under the special arrangements provision. If a declaration is to be made, would it not be better to have the declaration made by the United States and the United Kingdom, which have already given guarantees of one sort or another to Italy, Greece and Turkey, and which could reaffirm in the declaration the guarantees which they have already given. The disadvantage of a declaration signed by all the

participants in the Treaty would be that it presumably would have to be weaker than the guarantees already given by the United States and the United Kingdom, and thereby its effect would weaken those earlier guarantees, the reverse to what is intended. You should not, however, oppose too strongly the admission of Italy.

5. *Algeria.* We would be prepared, although reluctantly, to accept the inclusion of the three departments of Algeria, but still hope the French will make some concession on this point.

6. *Leakages.* I share your concern about leakages. They are bound to increase as the State Department goes further with its Congressional soundings. While I agree that it would not be wise at present to give the working papers to the countries which are being invited to participate in the Treaty, I feel that the present participants should be very liberal in the amount of information which they give to those countries. They should certainly give them more than is given to the New York Times, and that should satisfy them!

7. I wish you would turn over in your mind an idea which has occurred to me that perhaps it might be useful if, on the day that the discussion on the Ambassadorial level concludes, there be immediately published the draft of the Treaty with a statement that this draft has been prepared on the official level, does not bind the Governments concerned, but has been sent to them for their consideration prior to the holding of a formal conference. This would avoid the danger of inaccurate stories appearing in the press that the draft arrived at in Washington was final and had received governmental approval. Such inaccurate stories would precipitate statements by official spokesmen in the capitals concerned, with the result that before very long the newspapers would in any event have a reasonably accurate account of the draft Treaty text. We might then all find ourselves compelled, under public pressure, to publish the draft Treaty text. Another advantage of publication would be that it would help to stem criticism here and in other countries that the Governments were proposing to sign a Treaty of very great importance without having previously adequately informed their own Parliaments and peoples of the kind of Treaty which was under consideration.

8. *Time Table.* Any guesses you can give me about the future time table would be welcome. It may be that it would be useful for us to have some discussion in Parliament before the Treaty is signed, and it is difficult for me to plan this without knowing more about the prospective time table.

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DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-163

Washington, January 19, 1949

TOP SECRET

Your EX-132 of 18th January.

1. North Atlantic Pact. The working group met yesterday afternoon to discuss four items.

2. First, they took up the proposal for a special arrangements clause put forward by Van Kleffens, and the Canadian group brought forward your proposed revision. They also gave the working group your views on the idea behind it. The discussion was inconclusive but seemed to point to a decision that something along the line of Van Kleffens' clause might be accepted to apply to Italy, Sweden, Switzerland and Austria unless it is decided to try to achieve the same object by amending the clause on accession. The discussion did establish that none of the representatives liked the idea of using a special arrangements clause which might be interpreted as setting up a second United Nations.

3. Secondly, there was a further discussion of the question of Italy. Hickerson said that the State Department now wished to have Italy sign the Pact and become a full partner, although he admitted that this had not yet been cleared with the new Secretary of State who would have to give final consent before it could become official policy. It was Hickerson's view that Italy's participation in the Pact should be accompanied by either admission to the Brussels organization or a statement by the Brussels powers that Italy would be welcome as a member of a future Council of Europe when such a Council is set up. Stone again stated Canada's reluctance to accept Italy on these terms but in accordance with your instructions did not press the opposition very far. It was agreed that if Italy was admitted as a full partner something would have to be done to show Western interest in Greece and Turkey.

4. Thirdly, the meeting discussed the draft declaration prepared by the United Kingdom, which was sent to you in WA-85† of 12th January. Stone expressed the Canadian view that such a declaration should be made by the great powers because if the number of signers was small, the Declaration would conceivably be much stronger than if a large number of countries signed. Hickerson said that he would not like to see guarantees of varying strengths given to the different countries. They ought all to be the same in order to avoid invidious distinctions. He also asked if consideration had been given to the inclusion of Sweden in such a declaration and Henderson replied in the negative. Hickerson said that the United States Government would make any declaration in the name of the President and that although members of the Congress might be shown the declaration or even consulted about it

the Congress as such would have no part in making the declaration. In the United Kingdom and United States view such a declaration would also have to cover Iran.

5. Stone pointed out that insofar as the United States, at least, was concerned the declaration would presumably be a reaffirmation of what the President said in his speeches of March 12th, 1947, (Truman doctrine) and March 17th, 1948, (Brussels Pact and North Atlantic Community of Interests).

6. Fourthly, Hickerson asked for the personal views of the members of the working group as to the sort of information he should give to the Ambassadors of Norway and Denmark before they return to their countries. It was agreed that he should allow them to see the draft articles and even to take notes though not to make a copy. He was, at the same time, to give them a very careful briefing to ensure that the two Ambassadors understood that the articles were not final and also to emphasize the importance of secrecy. Stone did not, repeat not, bring before the working group your suggestion about releasing the text of the draft articles after agreement on the Ambassadorial level. I want to have a word with Hickerson privately on this before taking it up.

7. Duration of the treaty was not discussed. Stone asked all members of the group however, to study our suggestion about consultation at the halfway mark if the Treaty is to be for, say, 16 or 20 years. I think the suggestion might be acceptable if we omit the word "terminate", on which people here have reservations, and limit the provision to consultation for "revision". Ends.

DEA/283(s)

279.

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-260

Washington, February 2, 1949

TOP SECRET

The Working Group for the North Atlantic Treaty met on the afternoon of January 31st. Hickerson set forth at some length the need for Mr. Acheson to become completely familiar with every aspect of the draft Treaty and the discussions to date. He said that this process had been retarded by the press of other problems, notably the crisis in China. A three-hour session with Mr. Acheson had already produced a number of pertinent questions which had not yet been discussed internationally, or, in some cases, even thought of. The uncertainty of his timetable made it impossible for the Secretary of State to fix a definite time for the next meeting with the Ambassadors, especially since he wanted first to talk to the President and Senators Connally and Vandenberg. Hickerson assured the meeting that Mr. Acheson was very well aware of the need for speed. He has also told me that the questions raised by Mr. Acheson would not involve any serious changes in the draft articles.

2. I spoke next in favour of making very rapid progress when the Ambassadors' meetings are resumed, and in this the other representatives agreed. Henderson, speaking for the British group, said that Sir Oliver Franks had instructed him to emphasize that the loss of time was serious. The Russians, he said, had made three attacks on the North Atlantic Treaty already: the Tass statement of 29th January, the threatening note to Norway, and Stalin's expression of willingness to meet Mr. Truman. Henderson emphasized the particular need for speed in dealing with Norway. The Foreign Minister plans to follow up his reply to the Soviet with a statement that Norway will accept an invitation to participate in the negotiation of the Pact, if one is forthcoming. It is the opinion of the British that the invitation should be sent at the earliest possible moment after this statement is made.

3. I asked that all representatives make sure they were in a position to authorize the United States to extend an invitation to Norway and other agreed countries on behalf of all seven Governments, when the time comes. Some representatives thought they already had such authority, and the rest agreed to confirm their position. I also suggested that the State Department should at once sound out again the countries which had made no reply to the semi-formal overtures of the United States, or had answered non-committally, and Hickerson said that he would seek authority to do so. He agreed that other countries should be formally invited at the same time as Norway if there seemed to be a fair chance of their acceptance.

4. A discussion of the countries which had been sounded showed: *Ireland* has as yet given no proper reply, though will probably do so by making the ending of partition a condition precedent. The United States will not accept this as a basis for discussion. *Denmark* is still uncertain. The Americans know that the Danes are unhappy, but do not know what they will do. Danish adherence is important both to secure bases in Greenland, and to influence the Icelanders. *Iceland* had been less unreceptive than was anticipated. The Government has not mentioned the constitution (which is thought to prohibit the raising of armed forces) but has referred to the necessity for Danish and Norwegian participation. *Italy* we know is anxious to join.

5. In a short discussion of the draft, it came out that nobody had any instructions for dealing with the draft preamble introduced by the Americans (Stone's letter to Reid of January 12th)† nor about the acceptance of Article 5 (bis) and the Canadian revision of Article 10 (my WA-236 of 29th January).†

6. On the subject of publicity, Hickerson said that he understood the desirability of publishing as much as possible, but did not think that a paraphrase of the text should be released yet; a paraphrase would be better than the text itself as publication of the latter might lead to the taking of more rigid positions in negotiation. He agreed that the publication of such a paraphrase would be an effective reply to the Russian statement of the 29th, and that the wording of it would have to be agreed to by all parties before release. A draft paraphrase may be submitted at the next meeting of Ambassadors or the Working Group following it.

7. In relation to the preamble, Hickerson said that the words "in accordance with their constitutional processes" would have to appear in the Treaty somewhere. Possibly it would be enough to have them in the preamble, but they might be needed in

Article 5 as well. These words were a "must", he said. For future consideration, he threw out the thought that it might be advisable to have something in the preamble about hoping that greater security would be achieved in the near future by the inclusion of all free nations in regional or other collective security arrangements of some sort under the United Nations. The danger in such a remark, he felt, was that the Chinese, for example, might come forward all too quickly with a suggestion for a Far Eastern Pact.

8. Though no date was set for the next meeting of the Ambassadors' Group, it was agreed that they should discuss:

- (1) The admission of Italy;
- (2) The extension of invitations to other countries;
- (3) The draft Treaty (including duration);
- (4) Publicity; and
- (5) The timetable for future operations.

I am sending a separate message (WA-261) on the line which I might take.

280.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-261

Washington, February 2, 1949

TOP SECRET

Reference my WA-260 of February 2nd, North Atlantic Treaty.

1. It is hoped that the next meeting of the Ambassadors' Group will reach decisions on many outstanding questions and that there may not be another meeting until the circle is enlarged by the addition of representatives of Norway and possibly some other countries. I therefore think it wise to indicate the line which I propose to take on a number of questions coming up at this meeting, unless you instruct me to the contrary.

(1) *Italy*. I would agree to an invitation to Italy to become a full party to the Treaty unless Mr. Acheson comes out for some different solution of the Italian problem.

(2) *North Africa*. I would agree to the inclusion of Algeria on the same condition.

(3) *Extension of invitations*. I would support the extension of invitations to Norway, and probably Italy, and also to other countries likely to accept or hesitating about acceptance. At the Working Group yesterday the view was expressed that the invited countries should be given the draft articles with the explanation that they constituted a working paper only and were therefore subject to change. Invitations

to participate would be extended by the United States in the name of seven countries.

(4) *Publicity*. I would agree that a full paraphrase of the draft articles should promptly be approved for release here and in the other Capitals. This will have to include almost the exact language of Article 5.

(5) *Article 5 and 5 bis*. I would provisionally accept the language of the drafts contained in paragraph 1 of my WA-236 of January 29th.† I said at the Working Group yesterday that I was not altogether satisfied with Article 5 bis. I was thinking particularly of our Arctic possessions. The contention is that Alaska and the Arctic Islands are covered in the first sentence of Article 5, not in 5 bis which is designed to ensure that the Treaty applies to occupation forces, insular possessions in the North Atlantic, and Algeria. I have received very little comment from Ottawa on the definition of the area. Do you consider it satisfactory?

(6) *Article 10*. The main point to settle is duration, on which the United States has reserved its position. Mr. Acheson will probably suggest a firm term of twenty years, but may propose a shorter term. I would accept the tentative draft given in paragraph 2 of my WA-236 if he proposes twenty years. You will note that this includes in abbreviated form our suggestion for optional review after ten years. Several others still have reservations on this, and it will not be possible to secure agreement on making a direct allusion to the progress of the United Nations. I should be glad to receive your comments. Incidentally, it is recognized that it will later be necessary to add certain formal provisions at the end of this article on the lines which we have suggested.

(7) *Timetable, etc.* I would support the necessity for rapid progress and for the convocation of a formal Conference of Foreign Ministers as soon as possible. I would suggest that the Conference be held either here or in Bermuda, unless you instruct me that we should like it in Ottawa. We might aim at a Conference opening on a Monday and concluding by the end of the week.

(8) *Preamble*. It was agreed yesterday that the Ambassadors' Group should not discuss the preamble at its next meeting. I am sending a separate message on the United States draft, which has only been given very brief consideration in a drafting Sub-Committee. Ends.

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H.H.W./Vol. 6

Note de l'ambassadeur aux États-Unis

Minute by Ambassador in United States

TOP SECRET

[Washington], February 4, 1949

Mr. Pearson has told me on the telephone this morning that the Government does not favour having the North Atlantic conference in Ottawa. The Prime Minister did not himself object to the idea, but some other members of the Cabinet thought that the public might consider that we were playing too large a role if we sought to have the treaty signed in Canada.

I told Mr. Pearson that Senators Vandenberg and Connally had proposed to Mr. Acheson a number of modifications of the draft articles, and I indicated the nature of the change which they suggested in Article 5. He was very put out to hear this. I made it clear to him that we did not yet know whether the State Department would propose the alterations suggested by the Senators. I did not mention to him their desire to eliminate the article giving a blessing to economic and social collaboration between the parties.

I mentioned that the views expressed by the Senators would probably delay proceedings here still further. Mr. Pearson remarked that he intended to devote his speech today on the Address wholly, or almost wholly, to the Atlantic Pact.

H. W[RONG]

282.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-300

Ottawa, February 7, 1949

TOP SECRET

1. Reference your WA-261 of February 2, North Atlantic Treaty, the following are my comments.

2. *Italy*. I should not oppose an invitation to Italy to become a signatory to the Treaty unless the State Department offers an acceptable alternative solution to the Italian problem.

3. *Algeria*. I would accept in the circumstances the inclusion of the three departments of Algeria.

4. *Extension of invitations*. I agree that invitations should be extended by the United States, in the name of the seven countries, to other countries likely to accept or hesitating about accepting. This would certainly include Norway, probably Italy, and possibly Denmark, Ireland, Portugal and Iceland, depending in the latter cases on what their reactions have been to the informal approaches. With regard to Norway and possibly Denmark, I feel that an invitation should be issued in the very near future to relieve Swedish and possibly Russian pressure on those countries. With regard to Ireland, we are considering asking Johnson to take up with MacBride the question of Irish participation. As Johnson will be new to the Dublin post, I think it is undesirable for him to raise the question with the Cardinal. Johnson will not be in Dublin until February 10 or 11, by which time it may be too late for him to raise the matter in any case.

In any event, I propose to discuss the matter with Hearne here.

5. *Publicity*. I agree that a full paraphrase of the draft articles should be promptly approved for release in the capitals of those countries participating in the Working Group. I think that this is important and that the governments and peoples con-

cerned should not have to rely on Reston of the Times for their detailed information.

Articles of the Draft Treaty

6. *Article 1.* The draft as reported in your WA-3237 of December 24² is acceptable.

7. *Article 2.* I understand that the present draft reads as follows:

"The parties will encourage cooperative efforts between any or all of them to promote the general welfare through collaboration in the cultural, economic and social fields. Such efforts shall, to the greatest possible extent, be undertaken through and assist the work of existing international organizations."

You may have noticed that the Prime Minister and I, in recent statements made both in the House of Commons and outside, have been stressing the paramount importance of the Treaty providing a basis for positive economic cooperation among the signatories and for it not being a mere military alliance. Article 2 is the only definitely non-military article in the draft treaty and it could scarcely be much weaker than it is. The Canadian Parliament and people will expect the Canadian Government to secure something a good deal stronger. Unless we can secure something a good deal stronger, we may face a definite weakening of support for the Treaty in the House and in the country. I should therefore be grateful if you would explain to your colleagues in the discussions the Canadian Government's position in terms of practical political considerations and do your best to get the article strengthened by the addition, after the first sentence, of sentences along the following lines:

"The parties agree to make every effort in common to eliminate conflict in their economic policies and to develop to the full the great possibilities of trade between them. The parties also undertake to make every effort in common to promote the attainment of a higher standard of living by their people and greater economic and social justice, and to bring about a better understanding of the principles which form the basis of their common civilization."

8. *Article 3.* I think that the introductory phrase, "in order more effectively to achieve the objectives of this Treaty" is unnecessary. All the Articles of the Treaty are included for the purpose of achieving the objectives, and it seems illogical to include this phrase in one Article alone. Should it be impossible to reach agreement on deleting the introductory phrase, I suggest as a matter of grammar that "more" should be deleted, or alternatively, "most" substituted.

9. *Article 4.* I continue to favour the inclusion of an article along the following lines, but have no serious objections to Article 4 as drafted at present:—

"The parties will consult together whenever, in the opinion of any of them,

(a) the territorial integrity, political independence or security of any of the parties is threatened;

or

² Volume 14, Document 481.

(b) there exists any situation which constitutes a threat to or breach of the peace.”

10. *Article 5*. I share your doubts about Article 5 bis. Whatever description is used for the area to be covered by the guarantee, it is important for us that there should be no doubt that the Arctic archipelago is included. I understand, however, that the general view of geographers is that the continent of North America includes the area up to the end of the continental shelf. This includes Vancouver Island and Newfoundland and the Arctic archipelago, excluding Greenland. For the sake of clarity, however, I would prefer Article 5 bis to read along the following lines:

“For the purpose of Article 5 an armed attack against one or more of the parties to this Treaty shall be deemed to include an armed attack directed against:

1. The territory, the population or the armed forces of any party in Europe or North America;
2. The islands under the jurisdiction of any party in the North Atlantic area north of the Tropic of Cancer;
3. The vessels or the aircraft of any party in the North Atlantic area north of the Tropic of Cancer;
4. Algeria.”

1. I think this would leave little doubt that the Arctic islands are included, as they would be covered not only by the use of the phrase “North America” but also by the reference to islands under the jurisdiction of any party in the North Atlantic area.

12. I should be inclined to leave Article 5 as it stands, even though reference to Europe and North America is repeated in Article 5 bis. If the terms Europe and North America were deleted from Article 5, we should have to return to the original suggestion that Article 5 bis define the area to be covered by the guarantee in more or less precise terms. If we leave the terms Europe and North America in Article 5, Article 5 bis would not then be regarded as an all-inclusive Article and would not, I hope, be interpreted as limiting the generality of Article 5.

13. *Article 6. Paragraph 2*. As a matter of drafting, I suggest this would read better as follows:

“All measures taken under Article 5 shall be immediately reported to the Security Council, and shall be terminated as soon as the Security Council has taken the measures necessary to maintain international peace and security.”

14. *Article 7*. I support the deletion of this Article rather than accept it in the form reported in your WA-76 of January 12, but would, of course, much prefer to have it read:

“Each party to this Treaty agrees not to accept any obligations in conflict with this Treaty or with the Charter of the United Nations”.

15. *Article 8*. I agree with the wording in your WA-3237 of December 24.

16. *Article 9. Accession*. I am not satisfied with the use of the term “neighboring European State”. I suggest substituting “any other country of the North Atlantic area”.

17. *Article 10. Paragraph 2.* I suggest that the order of the two sentences might be reversed so that the paragraph would read:

"After this Treaty has been in force for ten years, the parties shall, if any of them so request, consult together to determine whether this Treaty should be revised. After the Treaty has been in force for twenty years, each of the parties may cease to be a party one year after its notice of denunciation has been given to the _____ government."

18. There are at present only two Articles which consist of more than one paragraph, viz., Article 6 and Article 10. In the interests of good drafting, I think it would be an improvement to have only one paragraph for each Article. This avoids the necessity of having to make references to the text of the treaty in the clumsy form of "Article 6, paragraph 2".

The second paragraph of Article 6 could become Article 7, and the second paragraph of Article 10 a new Article with consequential changes. There would then be one Article dealing with Ratification and one Article dealing with Duration.

19. I shall reply to you separately on the Preamble.

20. I have already let you know my views on holding the formal conference in Canada.

283.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-322

Washington, February 7, 1949

TOP SECRET

Your EX-300 of February 7th, North Atlantic Treaty.

1. You will not be surprised to hear that the meeting of the Ambassadors' Group today was postponed on short notice. The Secretary of State is seeing the Norwegian Foreign Minister this afternoon and was appearing this morning before the Congressional Committees to support the E.C.A. programme. Our latest word is that "there will definitely be a meeting on Tuesday afternoon—unless they change their minds".

2. I am afraid that we shall not be able to secure acceptance of several of your suggestions for improving the draft articles. The following comments refer to the paragraphs of your message:

Paragraph 7. We are now the only party to the negotiation that really favours the inclusion of 'anything' in the treaty about social and economic collaboration outside a general reference in the preamble. I have learned privately that the Secretary of State does not like the present Article 2 on the ground that it means next to nothing, and that Senators Vanderberg and Connally may wish it deleted because it seems that they want the Treaty to be a straight defence agreement. I think that the

most that we may be able to do is to retain the existing language. I shall have a try at strengthening it, but we have tried this before without success. In any case, there would be difficulties about your suggestion for a phrase requiring the parties "to eliminate conflict in their economic policies" because of the issues of free enterprise vs. socialism that might be considered to be involved. The use twice in your addition of the words "in common" might also be taken to require the establishment of special agencies in the North Atlantic area, against which there is very strong opposition.

Paragraph 9. The phrase you would like included was dropped, on the ground that it carried the implication that the North Atlantic Council would undertake functions properly belonging to the Security Council. I think that this objection has some weight and there would be strong resistance to its re-insertion in the draft.

Paragraph 10. We hear that there are difficulties with the Senators over the language of Article 5, but I will await further information on the State Department's views before reporting further to you. I like your re-draft for 5 BIS, and we shall try this out.

Paragraph 14. There is resistance to your wording on the ground that it should be superfluous in such respectable company for the parties to promise to be good. We may, however, have further proposals from the State Department on this point, as they are giving consideration to expanding the Article so as to include an obligation which might permit the expulsion of an offending party.

Paragraphs 8, 13, 17, and 18. These are all good drafting points. They should not come up for discussion in the Ambassadors' Group, but we will keep them in mind when the draft is next considered for detailed revision by the working group.

284.

DEA/283(s)

*Ministre des Affaires étrangères de l'Irlande
au secrétaire d'État aux Affaires extérieures*

*Minister for External Affairs of Ireland
to Secretary of State for External Affairs*

PERSONAL

Dublin, February 7, 1949

Dear Mr. Pearson,

By the time you receive this letter you will probably have received our reply to the Aide Memoire,† delivered by the United States Government, in relation to the proposed Atlantic Pact. I am writing this personal letter to you as I want to explain our attitude a little more fully and also because I feel that you might be in a position to assist in ending a deadlock which is detrimental, not merely to us, but to Britain and, to a certain degree, to the success of the Atlantic Pact.

Our Aide Memoire of the 7th February sets out the main considerations relating to the problem of Partition and I need not, therefore, repeat these to you. It is by no means an easy problem from the point of view of Britain, because of its internal political implications in the field of English politics. However, I believe that

inwardly the members of the British Government—or most of them—would wish to see Partition ended, but feel that it is a dangerous political problem for the Labour Party. They want to avoid Conservative criticism; though, indeed, I think they are inclined to exaggerate, in their own minds, the extent of the opposition they would meet from the Conservative Party. I believe any British Government would be glad to see the problem solved; unfortunately, however, any effort made to solve it is liable to be made an issue in British party politics—and accordingly there is a tendency to shelve the question.

The realisation that a united and friendly Ireland on Britain's western shores is far more important than any outworn mental attitude towards Ireland, is beginning to gain ground within the ranks of thinking people in all parties in Britain. The experience of two wars and of centuries of struggle must lead reasonable people of all shades of opinion to realise that, instead of the mailed fist, the wise and statesmanlike policy lies in securing the friendship and goodwill of the Irish people. Quite apart from Ireland's strategic position and from the fact that Ireland is an essential part of Britain's larder and, therefore, of vital importance in wartime, the goodwill and friendship of the Irish race, scattered throughout the American Continent, in Australia and elsewhere, is of some importance.

As I explained in Paris, there were two last points of friction remaining to bedevil Anglo-Irish relationship. With the passage of the Republic of Ireland Act, we have been able to remove one of these points of friction. We believe that this was a constructive step for the betterment of the relationship between the two islands. There remains now but one point of friction, namely, the Partition of the country. Because of the political difficulties confronting the British Government and because of the somewhat "non-transacting attitude" of our friends of the C.R.O., I felt that no useful purpose would be served by pressing the Partition issue during the discussions which we had at Chequers and Paris. Now that the Republic of Ireland Act has been enacted, without undue fuss or commotion, save for such adverse publicity for which our friends of the C.R.O. were clumsily responsible, I think that it is gradually beginning to dawn on responsible opinion in Britain that this was, in effect, a constructive step. If it were not for the psychological attitude, so prevalent among British public men, that regards Ireland as part of Britain's possessions and the Irish people as "rather charming, but quite impossible", the remaining problem—Partition—would have been solved long ago.

The Irish Government's Aide Memoire in relation to the Atlantic Pact is not a tactical move. It is a genuine effort to explain the difficulties in the hope that they may be faced and solved. No Irish Government could enter into a Military Alliance with Britain while Partition lasts. If it did, it would inevitably find itself faced with a civil conflict within its own area of jurisdiction. Obviously in time of war or crisis, it would have to devote all its energies and resources to fighting its own people, instead of the common enemy, thereby nullifying the very purpose of the Alliance. Of this, there is no doubt. Furthermore, the continuance of Partition and all the means used to maintain it, constitute a constant indictment of the very principles of democracy for which we are all struggling.

A real opportunity now offers to end this centuries-old conflict between Britain and Ireland and to break the deadlock on Partition. For the first time, Britain and Ireland share a common cause. All the irritants and causes of conflict, with the exception of Partition, have been removed. There is a genuine feeling of admiration and friendship for the British people, which is only marred by what we consider to be a completely indefensible and undemocratic anomaly.

The creation of the Atlantic Pact is a matter of importance. The United States Government has been charged with the task of approaching us in relation to it on behalf of the six other countries. We are willing and anxious to join it, if the one obstacle in the way can be removed. This situation enables an approach to the problem which has not hitherto been possible. If the Atlantic Pact is the necessity which I believe it is, then it seems to me that every effort should be made to remove the obstacles that stand in the way. This should enable a new approach to the difficulties which, I think, preclude the British Government from seeking a solution; in other words, it affords a new opportunity of breaking the deadlock which has hitherto existed.

As already indicated, I believe that members of the British Government, and, indeed, many of the public men in Britain, inwardly desire to see this position ended. But, for internal political reasons, they are inclined to shelve the question so as not to get their fingers burnt and because they do not consider it an urgent problem. The proposed Atlantic Pact, in my view, provides a new background against which the problem could be discussed and straightened out without placing the British Government in a political difficulty. While British Statesmen would not admit this, I think that in the long run, they would be grateful for any step that ended this deadlock without causing them political difficulties.

Of the convening nations, it occurred to me that Canada would be the one that could most appropriately take the initiative in this matter, because of Canada's close relationship with both Britain and Ireland. British Statesmen would I think, take proposals of this nature from Canada more readily than they would from any other participating country. British public opinion would feel that it is only right and proper that this approach should come from Canada. In the context of the proposed Atlantic Pact and of the invitation to Ireland to join it, I do not see how the British Government could refuse to discuss the matter. Partition is clearly an international problem, just as much as Palestine and Indonesia are international problems. It is an international problem that stands clearly in the way of the co-operation that should exist in the Atlantic. It is, therefore, but natural that it should be examined by the convening countries and that every effort should be made to remove it.

I am afraid this letter is somewhat long and possibly repetitious, but I felt that I should write freely and frankly to you. Above all, I want to make it clear that our reply is not a tactical one. It is a genuine effort to remove an obstacle in the way of a closer understanding we are keen to bring about. It is not much use having international contacts and holding international conferences unless we can freely discuss the difficulties and the realities without shirking them because they are troublesome.

One of the factors which causes us grave anxiety is the fear that the problem may become an explosive one. It has already exploded several times since Partition was created in 1920. At the moment it shows all the signs of being in ferment again. That is one of the reasons why I believe there is such an impelling obligation on all of us to press on with constructive action before a more difficult situation arises.

I was so sorry that you were not able to visit us on your way back from UNO. Please remember that whenever you can manage to get free for a few days we shall always be glad to welcome you here.

Yours sincerely,
SEAN MACBRIDE

285.

DEA/283(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-337

Washington, February 9, 1949

TOP SECRET

North Atlantic Treaty.

1. Mr. Acheson met the Ambassadors yesterday afternoon at their first meeting since he assumed office. He confined his introductory remarks to three important points. First, his contact with Senators Vandenberg and Connally had led him to alter his first impressions on the possible timetable. Mr. Lovett's discussions with the Senators had not gone as far as he had thought. It was now necessary to "proceed slowly enough so that the Foreign Relations Committee is abreast of us at all points". He had tried last week to rush the Senators, and the effort had completely failed. He now thought that signature could not take place until "several weeks after March 1st". Secondly, the language of Article 5 was "the heart of the Senators' concern". They were in complete accord with the nature and extent of the obligation as defined at previous meetings and their objections were verbal. The adverbs and adjectives used at the end of the draft gave an impression of "a rising crescendo of rush and haste". What the Senators wanted was clearly that the words "forthwith such military or other" and "as may be necessary" should be dropped. The inclusion of these words would make no difference in the application of the Treaty, which depended on the initiative and determination of the parties and not on verbal embellishment of the fundamental pledge to take action to restore and assure the security of the area. Thirdly, he said that the Norwegians were feeling a strong pull towards participation but, at the same time, consider that splitting Scandinavian unity is a very serious step. They (the Norwegians) are not sure that it is in our interest that Scandinavia should be split. They said that any Scandinavian bloc would be confined to the home territories: if they made an agreement among

themselves excluding an arrangement with the North Atlantic Powers the exclusion would not extend to their overseas territories such as Greenland. (I am reporting more fully on the State Department's talks with the Norwegian Foreign Minister in a separate message.†)

2. Mr. Van Kleffens said that it would be necessary that the Senators' desire to go slowly should be balanced against the opportunity slowness gave for the opponents of [the] Treaty to gain adherents. On the matter of language he was quite willing to try to find more dispassionate forms of expression but emphasized that he would not like to see the general framework materially weakened. In relation to the Norwegian situation he pointed out that the world now knows we have made approaches to Norway and Denmark. Should either or both of them decide not to take part the U.S.S.R. would represent that as their victory and our defeat. He did not think that too much importance should be attached to splitting Scandinavia as their ties are probably strong enough to survive a division of this sort. He posed a military question for the meeting. He asked whether it would be better to have an independent Scandinavian block which would join the west in an emergency, or to have Norway and Denmark join the west now. In other words, did the value of a united Scandinavia outweigh the value of being able to concert plans with part of Scandinavia before an emergency should arise?

3. Mr. Bonnet urged the need not to lose time and said that the language of Article 5 did not look very strong to those who were used to treaties of this nature.

4. Sir Oliver Franks expressed sympathy with the Senators' need for time to consider but emphasized that press speculation and the recent activities of the U.S.S.R. make some sort of positive result necessary. Lack of action will appear to the world to be a defeat. On the point of language he did not agree with Mr. Acheson that everybody understood what was to happen under Article 5. He thought that it was most important that the language of the Articles should reassure the public. While conceding the radical nature of the step being taken by the United States and Canada, he pressed for consideration of the effect of the Treaty both in Western and in Eastern Europe. People in Europe look on this Treaty as the coping-stone of the economic efforts made in Europe by the United States. If this Treaty was to establish some working arrangement for peace in the next generation it should assure people of what is meant. He did not think that it was wise to avoid mentioning the possibility of military action: a sober mention of that possibility would have a very beneficent effect in Europe. He was afraid that understatement in the language of the Treaty might cause the Treaty to fail in its object of showing the world where we stand. On the subject of Scandinavia he did not attach much importance to splitting Sweden from the other two. The United Kingdom attached great importance to the inclusion of Norway. He granted that if we could make a separate arrangement over Greenland that would make some difference to the outlook but it would not be overwhelming. He did not think that Scandinavia could form a very strong alliance of its own. While Norwegian participation might lead the Russians to move troops into Finland it would be unlikely to lead to the invasion of Norway and he, therefore, still favoured the inclusion of Norway and Denmark.

5. When it came to my turn to speak I said that while everybody agreed that the State Department must carry the Senate along with it the rest of us were under pressure from our own Governments to get something done and were hearing of the rise of opposition to the Treaty in some quarters. I said that the Canadian Government liked the language of Article 5 and wanted to keep the reference to military action. I did not think the language could be watered down very much because the public already knows too much about the language of this Article for us to be able to let it appear that we have weakened the obligation. On Scandinavia I said I thought the Canadian Government would favour a Scandinavian alliance linked in some manner with the North Atlantic Treaty, not necessarily on the basis of full partnership; but the Swedes ruled this out. I said we would be reluctant to see the supplies of arms, which would presumably not, in any case, be adequate to meet the demand, go to a country which was maintaining armed neutrality instead of taking a full risk.

6. In reply to these and similar arguments which were made by Mr. Legallais [Luxembourg] and Baron Silvercruys, Mr. Acheson emphasized that the rate of progress is controlled by the Senate rather than by himself. He promised that he would not dally unduly. On Scandinavia he suggested that we might consider three factors:

(1) If Norway and Denmark participate we shall have access to the necessary rights in Greenland. On the other hand, there seems to be a possibility that we can get the same rights some other way.

(2) If Norway and Denmark participate they are obligated to help any other party which is attacked. It has been agreed in the discussions that such help might take the form of maintaining non-belligerency. If consideration of the question reveals that non-belligerency is the form of help they are most likely to give they could give it just as well outside the Treaty as in.

(3) If Norway, Denmark and Sweden conclude a pact to protect one another and fulfil their obligations under the pact we should all be in the same war together anyway. The question is do we need Scandinavian bases or could we co-ordinate Scandinavian defence plans with our own by supplying arms to a Scandinavian alliance on the condition that we have staff talks with them. Staff talks with all three Scandinavian countries might be better than having Norway and Denmark in the Treaty and Sweden out.

7. There was inconclusive discussion on these points from which it emerged that the Swedish condition for a Scandinavian alliance was that there should be no staff talks even if they were secret, and that Norway would not join any such alliance with Sweden unless it were done with specific approval of the North Atlantic countries.

8. There was then some discussion of specific Articles in the Treaty. On Article 2 I informed Mr. Acheson that I had received instructions from you to secure stronger wording. I read part of your message EX-300 to the meeting. In reply to Mr. Acheson's objection that the Senators were fed up with treaties for the improvement of the general welfare I said that I wanted him to tell them about your political difficulties in Canada. I pointed out that it would be difficult to secure

support in Quebec for a purely military pact and that some Article along the lines of Article 2 was important to get the support of that province and of other political elements.

9. On Article 4 Mr. Acheson said that the Senators did not like the use of the word "security". Mr. Bonnet objected to their attitude, saying that the other two expressions did not amount to the same thing as "security", which covered a broader field.

10. On Article 5 Mr. Acheson added that the Senators thought that the second paragraph of Article 6 might well appear in Article 5 itself. They are also afraid that the "concert" will decide what is "necessary" under this Article. Mr. Bonnet said that his Government considered the inclusion of the word "military" very important and emphasized that the present wording was the result of a great many compromises.

11. On Article 5 BIS Mr. Bonnet asked what was to happen about Algeria. After a short amount of debating back and forth Mr. Acheson replied that he thought the question of including Algeria by now was purely metaphysical. It was inconceivable that Algeria could be separately attacked, and a "local scrimmage" there would not give rise to the commitments in the Treaty. Mr. Bonnet pointed out that the inclusion of Algeria was a political consideration for France similar to the many political considerations advanced by the United States. Italy was very briefly mentioned, and the only new point was that the inclusion of Italy, according to Mr. [Halvard] Lange, would make Norwegian participation more difficult.

12. On Article 10 Mr. Acheson said that the Senators thought that all seven of the present negotiating Powers should have to ratify the Treaty before it becomes effective.

13. In conclusion Mr. Acheson warned against letting other countries know about what the Norwegians had said to him. He said that the next meeting might be late this week at earliest. Ends.

286.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-330

Ottawa, February 9, 1949

TOP SECRET

Following for Wrong only from Pearson. Begins: Reference your WA-322 of February 7 and my telephone conversation with you today.

1. The lack of U.S. enthusiasm for Article 2 on the grounds that it may be an unnecessary complicating factor with Congress is perhaps understandable. Such an article to some extent duplicates existing articles in the bilateral agreements negotiated between the United States and western European countries under the Eco-

conomic Cooperation Act. You will recall, however, that the U.S. strongly favoured pledges of economic and social cooperation by the O.E.E.C. countries at the time the bilaterals were negotiated. For our part, we have no similar economic agreements with these countries to which we can point. Perhaps our arguments now for a strong Article 2 are not unlike those previously advanced by the United States.

2. I continue to object to the thesis that the Treaty should be merely a military alliance designed for the immediate emergency. It must, I think, if it is to be acceptable to Canada, go much deeper. You should, therefore, continue to press for a strengthening of Article 2 and should you meet with no success, for the maintenance of the Article as it now stands as the *minimum* requirement.

3. I have instructed the Canadian High Commissioner, London, to speak to the U.K. authorities at the earliest opportunity with a view to securing United Kingdom support for a strong Article 2.

4. Mr. St. Laurent intends to inform Mr. Truman during his visit of the importance which the Canadian Government attaches to the maintenance of Article 2 in the Treaty either in its present form or in wider terms.

287.

DEA/283(s)

L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs

TELEGRAM WA-342

Washington, February 9, 1949

TOP SECRET

Following for Pearson from Wrong, Begins: North Atlantic Treaty. Reference my report of yesterday's meeting with Acheson.

1. You will notice that none of the pending questions was settled and that some new issues were brought up. Acheson's purpose was to sound out the rest of us on the course of his discussions with the Senators and also to collect opinions on the line which the State Department should take in their further talks with the Norwegians. I hope we gave him some ammunition which he will use to defend the maintenance of the phrase "military or other action" in Article 5 with Connally and Vanderberg. I think we can drop the words "as may be necessary" without any pain, and I do not attach much significance to the inclusion of "forthwith". The language should, however, directly indicate that military action is part of the commitment.

2. I brought up our views on Article 2 toward the end of the meeting (which degenerated into a straggling discussion of various points) so that Acheson would know of the great importance which we attach to an improved article on economic collaboration before he had another meeting with the Senators. There was next to no discussion of our suggestions. I think we can at least maintain the present article, subject to finding some alternative to the phrase "to promote the general wel-

fare", which seems to rouse in senatorial minds a vision of endless hand-outs to the other parties. I am sure we shall not get acceptance of your addition, but it seemed good tactics to propose it in order to emphasize our point of view. It would be worth while for the Prime Minister to mention the political importance of the substance of the article when talking to the President or Acheson.

3. More than half of the meeting, which lasted over two hours, was devoted to Scandinavia. Italy and Algeria were left in the air, and the preamble was not discussed. I have given the State Department our new draft of Article 5 BIS, but this article was not considered at the meeting, nor was anything said about duration.

4. We are now in the old familiar position of being at one end of a double negotiation between the State Department and the other countries on the one hand and the State Department and the Foreign Relations Committee on the other hand, with the Senators raising new issues and delaying the whole business. It is apparent, however, that the concern of the Senators so far consulted does not touch on the fundamental purposes of the Treaty, with which they are in full agreement. Acheson will probably have soon to meet the whole Committee in private session. It would be unwise to plan for signature before April 1st. Bermuda seems to be the favoured spot.

5. One reason why Acheson and the Senators are looking very closely at any undertaking to cooperate in economic, social, and cultural matters is that the Bogota Treaty of last year is now being considered by the Foreign Relations Committee. Acheson appeared to support ratification, after a hasty glance at the Treaty for the first time, and expected only to read a prepared statement and leave in five minutes. Instead, he was subjected to a grilling examination on the Treaty, and has told me that he took a terrible beating. He describes the Treaty as blessing nearly every human aspiration, including the provision of a university education for everybody. This unfortunate coincidence has increased the suspicion of general promises to promote welfare and the like. I am trying my hand at a re-draft of Article 2, which would be midway between the present language and your proposed additions. I shall send this to you later. Ends.

288.

DEA/283(s)

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

SECRET

Washington, February 12, 1949

NORTH ATLANTIC TREATY

The North Atlantic Treaty was briefly discussed.³ The Prime Minister emphasized his view that its major value was as a deterrent to war, and that he believed

³ Cette note rapporte une conversation tenue entre St-Laurent et Truman après un déjeuner offert par le président. St-Laurent en fit rapport au Cabinet le 14 février 1949.

This memorandum records a conversation between St. Laurent and Truman after a luncheon given by the President. St. Laurent reported to the Cabinet on February 14, 1949.

that the Canadian people would support the commitment of Canada on these grounds, although the machinery of the treaty would have to be employed to increase the combined power of the parties to it.

He went on to say that it was most important to him that the treaty should not be a military alliance only, but should hold out the prospect of close economic and social collaboration between the parties. An article to this effect would be of the greatest value to him politically in securing the full acceptance of the treaty by the Canadian people.

Not very much was said by the President or Mr. Acheson on the subject of the treaty, and other pending questions in connection with it were not alluded to.

[H.H. WRONG]

289.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
aux ambassadeurs en France, en Belgique et aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassadors in France, in Belgium and in The Netherlands*

TELEGRAM 80

Ottawa, February 17, 1949

TOP SECRET

Economic clause in North Atlantic Treaty.

1. Since the very beginning of the discussions in Washington the Canadian representative in the discussions has outlined the need for a satisfactory article calling for economic and social collaboration among the signatories, an article which would contribute to general security, and ensure the widest measure of public support for the Treaty. When we first made the proposal, we received United States support and, though the Western Union countries were not keen, they agreed, somewhat reluctantly, to an article (Article 2) reading as follows:

"The parties will encourage cooperative efforts between any or all of them to promote the general welfare through collaboration in the cultural, economic and social fields. Such efforts shall, to the greatest possible extent, be undertaken through and assist the work of existing international organizations."

2. As you know, both the Prime Minister and I, in recent statements made in the House of Commons and outside, have stressed that the Treaty must include adequate provision for economic cooperation and should not be merely a military alliance designed for the immediate emergency. Article 2, as drafted, is the only essentially non-military article in the Treaty. It is weak, but it does provide a foundation on which to build. A stronger article would ensure increased support for the treaty, both in the Canadian Parliament and in Canada generally.

3. We have, therefore, authorized Wrong to do his best to get Article 2 strengthened by the addition of the following two sentences, which would be placed between the two sentences of the present draft:

"The parties agree to make every effort in common to eliminate conflict in their economic policies and to develop to the full the great possibilities of trade between them. The parties also undertake to make every effort in common to promote the attainment of a higher standard of living by their people and greater economic and social justice, and to bring about a better understanding of the principles which form the basis of their common civilization."

4. If he fails to get agreement on this text, he will retreat to a compromise text reading as follows:

"The parties agree that they will make every effort to bring about a better understanding of the principles which form the basis of their common civilization, and to develop to the full the possibilities of trade between them. To this end they will encourage collaboration between all or any of them in the cultural, economic, and social fields. Wherever it may be appropriate, action to give effect to this article shall be undertaken through and shall assist the work of existing international organizations."

5. While Wrong is making an effort to strengthen Article 2, the United States may make an effort to delete it. The United States Secretary of State does not approve of it on the grounds that it means nothing, and Senators Connolly and Vandenberg, who favour a straight defence arrangement, may wish to have it deleted.

6. I should be grateful if you would speak to the Government to which you are accredited, explain the reasons why we want the strengthening of Article 2 and express the hope that they will find it possible to instruct their representative in Washington to support Wrong in his efforts to strengthen the Article.

7. Arguments in favour of a strong Article 2 are given in paragraphs 19-21 of the Canadian Commentary of December 6th,⁴ copy of which was sent to you on December 14th.

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DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-419

Ottawa, February 17, 1949

TOP SECRET

North Atlantic Treaty. Following for Wrong from Pearson.

1. We are of course, very concerned by the implications of the statements made by senators Connolly and Vandenberg in the Senate on February 14. If there is no satisfactory pledge in the treaty, and if that treaty is interpreted by the Senate merely as a mechanism for getting the European states out of difficulties which really don't concern the U.S.A. directly, then its value is greatly reduced and we

⁴ Volume 14, Document 453

might have to re-examine our whole position. It might be that in the light of such re-examination we will be compelled to decide that the Canadian national interest involved in this kind of treaty interpreted in this way by U.S. opinion, is not sufficiently direct and immediate to warrant the government recommending to Parliament our adherence to it.

2. We would do this, of course, with the greatest regret, but we might, in the circumstances, conclude that it is better to have no treaty at all than to have a treaty which is so weak and ambiguous as to be meaningless and therefore mischievous, especially since the conclusion of such a treaty might render less likely the conclusion of a really effective arrangement in the future.

3. The over-riding purpose of the proposed treaty is to preserve peace. In our view, the only way to preserve peace today is to make clear to the Russians beyond [a] shadow of doubt that, if they attack any one of the North Atlantic countries, all the other North Atlantic countries will immediately take action to defeat the aggressor. Two things are essential if we are to get people in this country behind a treaty. It must represent a sufficient concentration of force to prevent aggression, and it must give some reasonable assurance that this force can be quickly and effectively mobilised when required.

4. The treaty must make clear to the exposed countries in Western Europe that they are protected against Russian attack by the Russian knowledge that Russia will be defeated in the end if it attacks Western Europe, even though it may win the initial victories. Such a feeling of confidence in Western Europe would enable the work of economic reconstruction to proceed. This concept is so far removed from that put forward by Senator Connolly that there doesn't seem to be much possibility of reconciling the two.

5. These purposes of the Treaty are not going to be fulfilled by an undertaking which is so watered down that it does not create even a moral obligation to take effective action, but is put forward as a charitable donation from the United States. This is reducing the proposed North Atlantic treaty almost to the level of a Kellogg-Briand peace pact.

6. It seems to us that the opponents both in Canada and in the United States of an "automatic commitment" to take action, subject of course, to constitutional processes, are still thinking in the pre-war terms of the North American nations being producers and not consumers of security. They are not, in our opinion, thinking in realistic terms; for surely it is only realism to recognize today that the Western European countries are allies whose assistance we in North America may well need in order to defend ourselves and our freedom. Today these Western European countries are more exposed to direct Russian attack than is North America. However, in ten years' time it may be that the first shock of an aggressive attack will be against the industrial centres of North America which are the arsenal of the whole Western world.

7. Is it not in the long-run interests of Canada and the United States to bind Western Europe to us in a close security arrangement so that if that attack should come the Western European nations will be in honour-bound to come to our assistance with all the forces at their disposal? A vague undertaking in the treaty would

presumably make it possible for the United Kingdom, France, Belgium and the Netherlands to remain neutral if the Soviet Union should attack the United States.

8. We are at a loss to understand some of the recent discussions in the United States of the "constitutional reasons" which would debar the Senate from ratifying a treaty containing a firm commitment to act against an aggressor. It seems to us that Senator Vandenberg, four years ago in his speeches proposing four-power treaties for disarming Germany and Japan, made clear the distinction between the right of Congress to declare war and the right of the President to use the armed forces of the United States. I refer particularly to Senator Vandenberg's speech in the Senate on January 10, 1945, and to his speech in Detroit on February 5, 1945.

9. Thus, in his speech in Detroit, Senator Vandenberg proposed that the United States should "with all its major allies sign a hard and fast treaty ... which pledges our constant armed cooperation, instantly and peremptorily available through the President of the United States without further reference to the Congress, to keep Germany and Japan out of piracy for keeps". Senator Vandenberg went on to say: "Oh, but, you ask, if 'only Congress can declare war', how can you give the President plenary power to use our armed forces to keep the Axis permanently demilitarized? The answer is that for 150 years the Constitution has permitted the President to use this plenary power for 'the national defence'—short of war—and it repeatedly has thus been used without question." Elsewhere in his speech Senator Vandenberg referred to his view that the "peace league" (i.e. the future United Nations) "certainly should have peremptorily available, so far as we are concerned, such military force as is traditionally granted under the Constitution to the President for national defence".

10. As a result of Senator Vandenberg's proposals, the United States prepared draft treaties on the disarmament and demilitarization of Germany and Japan. (These were published in the Department of State bulletins for May 12 and June 30, 1946.) These treaties were to remain in force for twenty-five years. They provided that upon receipt of a report and recommendations from a majority of the members of the four-power Commission of Control "the high contracting parties will, by common agreement, take such prompt action—including action by air, sea or land forces—as may be necessary to assure the immediate cessation or prevention" of a violation of the disarmament and demilitarization provisions of the treaty.

11. Moreover, in the revised United States draft of November 1947 (which, so far as we know, has not yet been made public), the undertaking is even stronger. It reads as follows:

"Upon receipt of a report and recommendations from the Commission of Control, the contracting parties will promptly consult together and take such prompt action, including action by land, air, and sea forces, as may be necessary to ensure the immediate cessation or prevention of the violation or threatened violation of the provisions of Article 1. Such action will be taken on agreement of three or more of the contracting parties. Action under this Article shall not be taken by less than three of the contracting parties."

12. If these four-power treaties which the United States itself proposed contain a pledge in these terms, we fail to understand why the United States may now be

reluctant, on constitutional grounds, to agree to a treaty for the defence of the North Atlantic containing an equally strong pledge. The draft treaties cited in paragraph 10 above have been public for almost three years and so far as we know have not been attacked in responsible quarters in the United States as being unconstitutional. Hostile critics of the United States might interpret any marked inconsistency between the United States attitude to these treaties and to the proposed North Atlantic Treaty as indicating that the United States was not acting in good faith when it put forward the draft four-power treaties, and that it puts strong pledges in treaties which it knows have no chance of coming into force.

13. If it would make the position of the United States easier, we would be glad to give sympathetic consideration to a redraft of Article 5 along the lines of the published texts of the United States draft treaties on Germany and Japan. The redraft might read somewhat as follows:

"The parties agree that an armed attack against one or more of them in Europe or in North America shall be considered an attack against them all; and consequently that if such an armed attack occurs they will, by common agreement, and in the exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations, take such prompt action—including action by air, sea or land forces—as may be necessary to restore and assure the security of the North Atlantic area."

14. It seems to us to be of paramount importance that whatever formula is used as the primary undertaking in the treaty, what is being undertaken should be made clear beyond possibility of doubt. It would be most unfortunate if, during the debates in the United States Congress and in the Canadian Parliament on the ratification of the treaty, the undertaking were to be interpreted one way in the United States Congress and another way in the Canadian Parliament.

15. In conclusion, it remains our view that the pledge in the North Atlantic Treaty should be firm and that it should be clear from the language of the treaty that the signatories are determined to resist by all necessary means any further encroachments by the Soviet Union in the area covered by the pledge. If, for example, Norway were a signatory and Spitzbergen were attacked or occupied by Soviet forces, the other signatories should, in our opinion, be required to give Norway the assistance necessary to defeat that aggression. This does not, of course, mean that the Congress would have given up its right to declare war. The right to declare war would still be vested exclusively, so far as the United States is concerned, in the Congress, but the Congress would be under a moral obligation to declare war if, in future, such a declaration is necessary to defeat an attack made against a co-signatory of the treaty.

16. The United States is not alone in foreseeing difficulties in the way of securing public support for a forthright pledge. We know that we will meet with difficulties here but we propose to meet criticism by stating that the national interest demands the conclusion of a treaty which is best calculated to prevent war, and that the best chance of preventing war lies in making it clear to the Soviet Union that war with one of the signatories means war with all. Ends.

291.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-446

Washington, February 19, 1949

TOP SECRET

North Atlantic Treaty. Following for Pearson and Reid from Wrong, Begins:

1. The Secretary of State called a meeting of the Ambassadors this morning at short notice to give them the encouraging results of a long discussion with the Senate Foreign Relations Committee yesterday afternoon. Only Mr. Acheson, the five Chiefs of Mission, and Reuchlin, representing Van Kleffens, were present, and no minutes were taken. He said that at his meeting with the Senate Committee the discussion centered around Articles 5 and 2. Article 2 he wished to discuss with me separately. On Article 5 he thought they had reached a very good result. He explained that the Senators were not committed to the language on which they tentatively agreed yesterday, but he clearly thought that they would be satisfied with it.

2. They wanted only two changes in the existing draft. The first was to substitute for "such military or other action" the words "such action including the use of armed force". This was really a distinction without a difference. The second change was to alter "as may be necessary" to "as it deems necessary". The Senators, and indeed all of us, were agreed that if an armed attack on a party took place "an act of will and decision" by the other parties was required to institute action under Article 5. The change made clear what would in any case have to happen.

3. The language at the end of Article 5 would therefore read on this proposal as follows: "By taking forthwith such action including the use of armed force, individually and in concert with the other parties, as it deems necessary to restore and assure the security of the North Atlantic area".

4. In addition, Mr. Acheson said that it would be necessary to include a general Article specifying that the execution of the entire Treaty would naturally be undertaken in accordance with the constitutional procedures of the parties. The Senators seemed agreeable to a separation of this statement of the obvious from the language of Article 5, and a new Article could be added towards the end of the Treaty. They would not be satisfied with the insertion of a reference in the preamble.

5. He remarked that some Senators had gone on a spree in the debate last Monday and were now in a more sober mood. There was no disposition to question both the purposes of the Treaty and the manner in which it ought to operate. Everyone there understood that what the parties proposed to do was to agree on a firm policy that each would assist the other in case of an armed attack. They also understood that the President possessed powers independent of Congress to act as Commander-in-Chief of the forces in a serious emergency. They were satisfied now that the Treaty did not contain a provision for an automatic declaration of war.

6. As to the programme, the State Department would prepare a redraft including some suggested changes in other Articles, which he said were verbal only. This he would clear with the President and with the Senate Committee before meeting the Ambassadors again on Tuesday or Thursday of next week. (Tuesday is a holiday and he might not be able to complete the domestic consultations until Wednesday).

7. I raised the question of procedure for clearance of the text with the Governments other than the United States. It was agreed that there was need for review by all the Governments concerned, and that this should be done before the text was made public. Mr. Acheson thought that we might even agree next week on a text for submission to Governments, and that signature of the Treaty might take place three weeks or so later.

8. He said that before final decisions were taken on inviting other Governments to participate he believed that we should get something concrete between the original seven. He had, therefore, steered the Senate Committee off discussion of the participation of Scandinavian countries and Italy for the present. He remarked in reply to a question by Bonnet that there was "plenty of trouble" about Algeria.

9. Mr. Acheson said that he had urged the greatest degree of secrecy on the Senate Committee. Copies of the draft had been distributed but had been collected at the end of the meeting. The press guidance given by the State Department was that there had been a satisfactory meeting with the Senators and that no differences of principle had arisen. He was most anxious that nothing more should be said by anyone here or abroad.

10. I pointed out that there were a number of amendments to the draft suggested by me and by others which were still awaiting discussion, adding that those which I had suggested that contained points of real substance affected Articles 2 and 10. We agreed that at the next meeting of Ambassadors all such pending points should be mentioned and should be referred to the Working Group for further examination.

11. I remained after the meeting at Mr. Acheson's request to discuss Article 2 with him. On this I am separately reporting. Ends.

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DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-447

Washington, February 19, 1949

TOP SECRET

Following for Pearson and Reid from Wrong, Begins: North Atlantic Treaty. Reference my immediately preceding message.

1. After the meeting of the Ambassadors I stayed to discuss Article 2 with the Secretary of State who was joined by Bohlen and Hickerson. He described the almost universal reluctance of the members of the Senate Committee to include any

Article of this nature in the Treaty itself. This was based on a growing resistance to general commitments in economic, social and cultural matters, in part derived from the language of the Bogota Treaty, in part from their distaste for some of the activities of the Economic and Social Council and UNESCO, and in part from a desire to keep the Treaty strictly limited to the organization of defence. I gathered that Senator [Henry Cabot] Lodge had taken a leading part in objecting to the Article, but that there had been a long discussion in which many other Senators took part.

2. I repeated, I think, all the arguments which we have adduced in favour of a respectable Article of this nature, stressing the position consistently adopted by the Canadian Government, the expectations roused with the public, and the evidences of the political desirability of making the Treaty more than a Defence Pact.

3. I told them of the instructions which you had given me and referred to the conversation last Saturday on this point between the President and the Prime Minister.⁵ As it was quite apparent that your proposal to insert new sentences in the middle of the Article would only increase the difficulties with the Senators, I gave them my compromise text which they promised to take under consideration. There will, however, be very great difficulty over the phrase included in it "to develop to the full the possibilities of trade between them". The Senators are already asking why, among other things, the Geneva Agreements and the I.T.O. Charter are insufficient to cover economic collaboration. Hickerson thought that my redraft might be somewhat less objectionable to the Senate Committee than the original draft, but Acheson and Bohlen gave little encouragement. Acheson said that he would have another try with the Senators and would inform them more fully than he had done of the importance attached to the Article by the Canadian Government. He seemed confident that he could at least secure acceptance of an insertion in the preamble of language in the general sense of the Article. I answered that while we should welcome this we wanted a direct statement in the body of the Treaty.

4. The only encouraging remark came from Bohlen who observed that Eichelberger and others in the United Nations Association might take a different line from the Senators and welcome a general undertaking for economic, social and cultural collaboration.

5. I mentioned incidentally that I had received information that some of the European partners, including the United Kingdom and The Netherlands, had instructed their representatives here to support our point of view on this matter. It will doubtless be further discussed at the Ambassadors' meeting next week. Ends.

⁵ Voir/See: Document 288.

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DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-450

Washington, February 21, 1949

TOP SECRET

Following for Pearson and Reid from Wrong, Begins: My messages WA-446 and 447 of February 19th. North Atlantic Treaty.

I think that you would agree that Acheson has made remarkable progress with the Senators over Article 5 during the last week. He has been helped in this by the attitude of the press towards Connally's and Vandenberg's statements in the Senate on February 14th, which, in spite of a few isolationist echoes, indicated that the Senators were lagging behind the country on the nature of the commitment which the United States should undertake.

2. In my judgment we should accept the language of Article 5 given in paragraph 3 of my WA-446 if this language sticks, as seems quite likely. Your review of the position in your EX-419 of February 17th has been very useful to me, although the change in the situation here made it unnecessary for me to use a number of your arguments. I was able before Acheson met the Foreign Relations Committee to bring to his attention through Hickerson the contents of paragraphs 8 to 12 of this message dealing with Vandenberg's position in 1945 and the draft treaty on the demilitarization of Germany and Japan.

3. With regard to Article 2, I do not know what will come out in the end. One difficulty is that our desire for the inclusion of such an Article in order to confer a general blessing in the treaty on the possibility of closer economic collaboration between Canada, the United Kingdom and the United States would not appeal at all to the Senators. In the hope that as politicians they will be more susceptible to arguments about the domestic political need in Canada for such an Article, I have placed emphasis on this aspect, as indeed the Prime Minister did in his talk with the President. I have emphasized that from the United States point of view a general Article is at worst harmless and that if it were used as a cover for further measures of economic collaboration these measures would be subject to the normal constitutional procedures here. I have also emphasized that there are undoubtedly a good many people in the United States who would welcome some enlargement of the Pact so that it is not wholly a military agreement.

4. Acheson told me that some of the Senators had pointed to Article 3 as covering adequately co-operation between the parties in other fields than defence. There is, I think, some force in this argument. If strong objection continues to be taken to the inclusion of anything on the lines of Article 2, do you think it would be possible for us to get by with Article 3 and suitable language in the preamble? That may be the most that we can secure.

5. With regard to the preamble, the view was expressed at Saturday's discussion that a definitive text should not be attempted for the present, and that our immediate purpose should be to get the Articles into nearly final shape. When this has been done we should take up again the questions of the scope of the treaty (i.e., Italy, Scandinavian countries, Algeria, etc), the assurance to be given to certain countries not included in the Pact, the preamble and the arrangements for final signature. Ends.

DEA/283(s)

294.

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*
*Secretary of State for External Affairs
to Ambassador in United States*

Ottawa, February 21, 1949

TELEGRAM EX-455

TOP SECRET

North Atlantic Treaty. Your WA-447 of February 19 on Article 2.

1. You will by now have received the repetition of telegram No. 117 of February 19 from Paris,† and No. 43 of February 19 from The Hague.† The French representative in Washington is being instructed to support the two new sentences in the middle of the Article. It appears that the Dutch are also prepared to support these two new sentences and although we have not heard from the Belgians, the Belgian Ambassador here thinks that they will also support them.

2. Consequently, at the next Ambassadors' meeting I feel that you should put forward these two new sentences and see what support they get from the other representatives present. If you get substantial support for them from all the representatives other than the United States, Acheson could report this back to the Senate Committee and in the light of the reaction from the Senate Committee we can decide whether to press for these two new sentences or to be content with your compromise.

3. For purposes of reference, the following is Article 2 as we would like to see it read:

"The parties will encourage cooperative efforts between any or all of them to promote the general welfare through collaboration in the cultural, economic and social fields. *The parties agree to make every effort in common to eliminate conflict in their economic policies and to develop to the full the great possibilities of trade between them. The parties also undertake to make every effort in common to promote the attainment of a higher standard of living by their people and greater economic and social justice, and to bring about a better understanding of the principles which form the basis of their common civilization.* Such efforts shall, to the greatest possible extent, be undertaken through and assist the work of existing international organizations."

4. The most important sentence, as Robertson has pointed out, is the second sentence. The meaning of the second sentence would be clearer and it might be easier for the Americans to take if the word "international" were added before "economic policies".

295.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
au ministre des Affaires étrangères de l'Irlande*

*Secretary of State for External Affairs
to Minister for External Affairs of Ireland*

PERSONAL

Ottawa, February 22, 1949

Dear Mr. MacBride:

I greatly appreciate your courtesy in sending me, through your High Commissioner in Ottawa, the text of your reply to the Aide Memoire of the Government of the United States on the subject of the proposed Atlantic Pact. I am even more grateful for the long and frank discussion of the attitude of your Government on this question, which you were good enough to give me in your personal letter of February 7. It is, I feel, a mark of confidence which I greatly value, that you have wished to explain your position to me in this full and friendly way, and I am very glad to take the opportunity of commenting upon that position.

In entering into informal negotiations with other North Atlantic states concerning the proposed alliance, we in this country have hoped that it might be possible to bring these negotiations to a successful conclusion without raising other problems and issues which exist amongst the prospective members of the proposed alliance. There are many such problems, of greater or less urgency, but we are confident that all of them can be settled by a process of negotiation and compromise amongst ourselves. It seems to us, however, that we shall never be able to reach agreement on these problems by the methods to which we are accustomed unless we all remain free and at peace in a world which is relatively secure. The dangers in which peace and freedom stand in the world at the moment seem to us so serious that we have considered it of the first importance to reach an agreement by which we could stand together in this emergency. Only in this way does it seem to us possible to ensure the liberty which will enable us to carry forward peacefully and without interference the process of settling the other problems which exist amongst ourselves.

For this reason we on our part have avoided raising in the discussions concerning the proposed Atlantic Treaty any other question affecting our relations with the participating governments. I do not suggest for a moment that any of these problems looms as large in our national life as the question of partition does for the people of Ireland, but some of them do give us trouble. It had not, however, occurred to us that it would really be in our interests to suggest that our participation in an alliance for the defence of the North Atlantic area would be contingent upon their satisfactory solution. In these circumstances, since we have refrained

from projecting into the North Atlantic Treaty negotiations the discussion of other problems which concern us, it would, I am afraid, hardly be appropriate for Canada to raise with the other North Atlantic States the question of partition in Ireland.

Moreover, it seems to me that the question of partition in Ireland will inevitably be raised in the discussions in Washington as the result of your Government's reply to the aide memoire of the Government of the United States. The United States Government was authorized by the other participants in the Washington discussions to get in touch with your Government on the subject of the proposed Atlantic Pact and the United States representative in the Washington discussions will therefore, I assume, be reporting in due course to the other participants on the reply of your Government.

In any discussion which may follow the report by the United States of their discussions with you, you may be assured of our understanding of your desire and the desire of the people of your country to find a solution to the problem of partition through union on a basis that would be acceptable to the people of Ireland as a whole.

There is one further point I should like to make. My personal views on the problem of partition lead me to suggest that, from the standpoint of achieving a satisfactory solution along the lines indicated above, there might be positive advantage to Ireland in becoming an original member of the North Atlantic Community. By joining the association which it is proposed to establish, Ireland would be able to play the same sort of valuable and creative role which it is now playing in the O.E.E.C. Moreover, I believe that if this Community can be successfully established this year, and if the governments of its members act with wisdom, we shall have set in train the development of an even greater political and economic unity of the North Atlantic nations. In such a unity, any barriers of misunderstanding which now separate the various North Atlantic countries should disappear and Ireland and the United Kingdom would become closer partners and friends. Under such conditions, it seems to me that a generally satisfactory solution to the problem of partition could be expedited through arrangements which would be enduring and amicable.

Thank you again for your communication, and for the renewal of your kind invitation to visit you in Ireland. I most certainly hope that we may soon have the opportunity to talk to one another about these questions of mutual concern, either in Dublin or in Ottawa, if you should find it possible to pay us the compliment of a visit.

Yours sincerely,
L.B. PEARSON

296.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-464

Washington, February 23, 1949

TOP SECRET

Following for Pearson from Wrong, Begins: North Atlantic Treaty.

As I told you on the telephone yesterday afternoon, I had a long discussion about the possible wording of Article 2 with Hickerson and others. We worked out the following draft, which Hickerson will endeavour to persuade Acheson to accept and to discuss with the Senators before the next meeting with the Ambassadors tomorrow afternoon:

"The parties will contribute toward further development of peaceful and friendly international relations by strengthening their free institutions and promoting conditions of stability and wellbeing. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them. They will make every effort to bring about a better understanding of the principles which form the basis of their common civilization."

2. The first sentence borrows language from Article 55 of the Charter and was suggested by the State Department. The rest is adapted from our proposals. I think that this is as strong a text as we can secure because of the cantankerous attitude adopted by the Foreign Relations Committee towards any Article at all. Indeed, I doubt that they will take this as it stands. Apart from other possible changes, we may have to re-insert the reference to working through existing international organizations whenever this is possible.

3. I told Hickerson that unless we could get an Article on these lines in the Treaty the Canadian Government would have to review its position towards the whole project.⁶ I also pointed out that if no Article appears in the Treaty, and if we accept it without such an Article, we shall have to make it clear publicly that the omission of any pledge on these lines has been caused by the resistance of the United States alone, since we have received assurances of support for our position from nearly all the other Governments concerned. I drew his attention to the language used in paragraph 8(6) of part 3 of the Washington paper of September 9th and pointed out that it was on the basis of this paper that the Canadian and other Governments had decided to go ahead with the whole project.

⁶ La note concernant cette conversation, rédigée par Wrong, n'utilise pas des propos si fermes (voir les papiers de Wrong, volume 6, note du 22 février 1949).

Wrong's minute of this conversation does not use such strong language (see Wrong Papers, Volume 6, Minute of February 22, 1949).

4. If we encounter further difficulties, I shall suggest that you should telephone Acheson and give further backing to our position. Ends.

297.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, February 24, 1949

NORTH ATLANTIC SECURITY PACT

7. *The Secretary of State for External Affairs*, referring to discussion at the meeting of February 17th,† reported recent developments in connection with the North Atlantic treaty.

Some difficulty had been experienced in reaching agreement on the inclusion in Article 2 of satisfactory provisions respecting economic and other forms of co-operation between the parties to the treaty. Canada had not only supported the inclusion of such an article, but had urged that it be strengthened. Our proposals in this matter were being seconded by the French and Netherlands governments and there was some indication that the Belgian government and others might do likewise.

The latest draft of Article 5 did not provide for an automatic declaration of war in the event one of the parties was the object of aggression. It did, however, place upon the parties to the treaty the obligation to take such action "including the use of armed force" as each might deem necessary to restore and assure the security of the North Atlantic area. Article 5 would have to be supplemented by a clause delimiting the areas in which the obligation to take action existed.

It was generally agreed that there would also be an article reserving the constitutional processes of each signatory.

8. *Mr. Pearson* briefly reviewed the remaining articles of the draft treaty and explained the position with respect to each.

An explanatory memorandum had been circulated with the text of the draft treaty as it stood at present.

(External Affairs memorandum, Feb. 23, 1949;† Minister's memorandum, Feb. 16—Cabinet Document 897).†

9. *The Cabinet*, after considerable discussion, noted the report of the Secretary of State for External Affairs on the progress of discussions of the North Atlantic treaty and the draft articles of the Pact as presently being discussed in Washington and agreed that decisions with respect thereto be deferred pending—further consideration of the policy questions involved and the procedure to be followed in Parliament prior to signature of the treaty.

298.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-481

Ottawa, February 24, 1949

TOP SECRET

Following for Wrong from Reid, begins: North Atlantic Treaty. Your WA-464 of February 23 to Pearson.

I am sorry that there seems to have been some misunderstanding between us about the economic clause. It was not clear to me from your teletypes that you had put forward at a meeting of Ambassadors our maximum desires set forth in our EX-300. It seemed to me that it would be unfortunate not to press our maximum demands at a meeting of Ambassadors, since there was a possibility that we would get support from most if not all the Western Union countries. It is one thing for the Senate Committee to treat cavalierly a Canadian proposal for the strengthening of Article 2. It is quite a different thing for them to treat cavalierly a text which is supported by all the participants in the Washington discussions other than the United States.

2. From telegram No. 431 of February 24 from London,† which has been repeated to you, you will have learned that the Canadian draft of Article 2 as set forth in our EX-300 was discussed at the Consultative Council of the Brussels Powers on February 23; that the Dutch gave it enthusiastic support seconded by the Belgians and that the French and British also promised their support. Ends.⁷

299.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-496

Washington, February 25, 1949

TOP SECRET

North Atlantic Treaty.

⁷ Wrong inscrivit la note suivante sur sa copie de ce télégramme (la copie de Wrong se trouve au volume 6 de ses papiers aux Archives nationales):

Wrong minuted on his copy of this telegram as follows (Wrong's copy is in volume 6 of his papers at the National Archives):

I asked Mr. Pearson, when telephoning him this morning, whether he would be satisfied with the Hickerson-Wrong-Achilles draft included in my WA-464 [Document 296]. He said that he would be satisfied. H. W[rong].

In a following message I shall inform you of the discussions which took place at the meeting between the Ambassadors and Mr. Acheson this morning. In this message I am sending you the text of the articles on which the discussions were based. This text has been seen by some or all of the members of the Senate Foreign Relations Committee and has been shown to the President. Mr. Acheson said that he was giving as firm an assurance as he could that this text would be acceptable, but that he could not say it had been "cleared".

2. Text begins:

Article 1 (Peaceful Settlement)

The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Article 2

The parties will contribute toward further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which they are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Article 3 (Mutual Aid)

In order more effectively to achieve the objectives of this Treaty, the parties will endeavor, separately and jointly, by means of continuous and effective self-help and mutual aid, to maintain and develop their individual and collective capacity to resist aggression.

Article 4 (Consultation)

The parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the parties is threatened.

Article 5 (Mutual Assistance)

The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations, will assist the party or parties so attacked by taking forthwith, individually and in concert with the other parties, such action, including the use of armed force, as it deems necessary to restore and maintain the security of the North Atlantic area.

Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

Article 6 (United Nations)

1. This Treaty does not affect, and shall not be interpreted as affecting, in any way, the rights and obligations of the parties under the Charter of the United Nations, or the primary responsibility of the Security Council for the maintenance of international peace and security;

2. Any armed attack requiring action under Article 5 and all measures taken as a result thereof shall be immediately reported to the Security Council.

Article 7 (Other International Engagements)

Each party declares that none of the international engagements now in force between it and any other of the parties of any third State is in conflict with the provisions of this Treaty, and undertakes not to enter into any international engagement in conflict with this Treaty.

Article 8 (Organization)

The parties hereby establish a Council, on which each of them shall be represented, to deal with matters concerning the implementation of this Treaty. The Council shall be so organized as to be able to meet promptly at any time. The Council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a Defense Committee which shall recommend measures for the implementation of Articles 3 and 5.

Possible Article of Specification Under Article 5

For the purpose of Article 5 an armed attack on one or more of the parties to this Treaty is deemed to include, in addition to an armed attack on the territory of any of the parties in Europe or North America, an armed attack on (Algeria; on) the occupation forces of any party in Europe; on the islands under the jurisdiction of any party in the North Atlantic area north of the Tropic of Cancer; on the vessels or aircraft of any of the parties in the same area.

Article 9 (Accession)

The parties may, by unanimous agreement, invite any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty. Any State so invited may become a party to the Treaty by depositing its instrument of accession with the Government of The Government of ... will inform each of the parties of the deposit of each such instrument of accession.

Article 10 (Ratification, Implementation and Duration)

This Treaty shall be ratified and carried out by the parties in accordance with their respective constitutional processes.

The Instruments of Ratification shall be deposited as soon as possible with the ... Government. It shall enter into force between the States which have ratified it as soon as the ratifications of the majority of the signatories, including Belgium, Canada, France, Luxembourg, The Netherlands, the United Kingdom and the United States, have been deposited and shall come into effect with respect to the other signatory States on the date of the deposit of their ratifications.

After this Treaty has been in force for twenty years, each of the parties may cease to be a party one year after its notice of denunciation has been given to the ... Government.

At the end of the ten years or at any time thereafter the parties shall, if any of them so request, consult together for the purpose of reviewing this Treaty, having regard for the factors then affecting peace and security in the North Atlantic area, including the development of universal as well as regional arrangements under the Charter of the United Nations for the maintenance of international peace and security.

The ... Government shall inform the Governments of the other parties of the deposit of each Instrument of Ratification and each notice of denunciation. Text ends.

DEA/283(s)

300.

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-499

Washington, February 25, 1949

TOP SECRET

North Atlantic Treaty. Reference my WA-496 of today.

1. In this message I am reporting separately on the discussion about extending an invitation immediately to Norway to take part in the negotiations here. This discussion came as a surprise to everyone except Bonnet, and ended in an emphatic request by Acheson that we should all by Monday inform the State Department that we support the issue of an invitation.

2. Acheson and Hickerson explained the difficult situation in which Norway is placed. The debate in the Storting begins on March 1st, and the last Soviet note must be answered by Norway promptly. Lange has been told, with approval of the other Governments, that Norwegian participation would be welcome and that a formal invitation would be extended whenever Norway indicated that she was ready for it. If it were not forthcoming, Norway would be placed in a very difficult position indeed, and could accuse the United States and the other Governments of not living up to their pledges. Acheson toward the end of the discussion said that it would be "a colossal blunder" and "catastrophic" if we were not to invite Norway now.

3. It came out that the Brussels Permanent Commission had recently proposed that Norway should accede to the Treaty rather than join in its negotiations and be an original signatory. This view, however, was not taken very seriously by the representatives of the Brussels Powers other than Bonnet. Bonnet, while not denying that we must help Norway in her difficult and exposed position, linked the issue to the question of an immediate invitation to Italy, and argued this point with persis-

tence and heat though not always with logic. He said his Government's view on this was very firm and that to refuse to extend a simultaneous invitation to Italy would cause acute difficulties with French public opinion.

4. I said that I found the discussion surprising and distressing. I had suggested at the meeting on February 8th that we should all put ourselves in a position to be able to agree, without further reference to Governments, that a formal invitation should be extended to any of the five countries (Norway, Denmark, Iceland, Ireland and Portugal) which had been informally approached by common consent, whenever any of them indicated that they wished one. The question of Italy had always been dealt with separately, and no final decision had yet been taken on the participation of Italy in the Treaty. Lange must know where he stood before facing the Storting and before answering the Soviet note. If Norway joined in the negotiations, this might mean a small delay, but now that they had taken a courageous decision on the basis of our informal approach we must not let them down or attach conditions. I think that everyone but Bonnet was in agreement with what I said.

5. During the argument the position of several Governments towards the participation of Italy was clarified. Bonnet repeated his well-known views. Franks said that on the whole his Government would prefer that Italy should not be included, but it was a narrow issue and they would abide by the wishes of the rest. I said that Canada had also entertained doubts for a long time, but that we had come to the conclusion on balance that we could agree to Italian membership. Bonnet and Silvercruys both made the fair point that a decision on Italy was overdue and that we had been waiting for a more definite position from the United States on the merits of the case. They and Franks agreed that the suggestion put forward several times by the United States that it was up to the European partners to propose a satisfactory solution was not helpful.

6. This led Acheson finally to say that the United States favoured the accession of Italy to the Treaty. They did not wish Italy to join the negotiations now. This would be a complicating factor in securing Congressional and public support for the Treaty. The Italian case was very different from that of Norway. Italy had knocked on the door without a prior invitation to do so, and was under no such pressure from the Russians as Norway. To give an equivocal answer to Norway would be a disaster. We could not possibly treat the problem as one of taking both or neither into the negotiations now. This was the first time on which an attempt had been made to tie together Norwegian and Italian adhesion. Was France willing to take the responsibility of placing Norway in jeopardy in order to force an immediate decision on Italy?

7. It was agreed that all should seek definite authority from their Governments as a most urgent matter, since Lange requires an answer by Tuesday morning. I think I already have authority to approve an immediate invitation to Norway. An invitation to Italy now, if at once accepted, would delay the negotiations, since the Italian Government knows nothing of the background of the discussions and the contents of the draft, whereas the Norwegian Government is fairly fully informed. This, however, is a minor matter compared with the necessity of keeping faith with Nor-

way when her Government has taken a courageous decision to throw in their lot with the Atlantic nations.

8. I suggest that you might repeat this message urgently to Vanier and instruct him to approach Schuman, tomorrow if possible, with a view to Bonnet receiving by Monday instructions to agree unconditionally to an immediate invitation to Norway. The State Department is sending their Ambassador in Paris very strong instructions in this sense, and would warmly welcome parallel action on our part. The issue is serious, and unless at once resolved may even affect the fate of the whole project.

301.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-502

Washington, February 25, 1949

TOP SECRET

My WA-496 of today. North Atlantic Treaty.

2. The Ambassadors and Mr. Acheson today ran over the new draft of the Articles, which is in my teletype under reference, and discussed the question of the admission of Norway and Italy. I am reporting on this latter question separately. In the present message I shall deal with the discussion of the Articles.

3. Mr. Hickerson began by drawing attention to the changes in the various Articles. The points of note in this connection were that in Article 3 the changes were designed to eliminate the charge that this Article constitutes "a bugle call to an armaments race". Concerning Article 5, he said that the word "maintained" had been used because it was Charter language and noted that the last sentence in the Article had been extracted from the old Article 6. In Article 7 he drew attention to the new clause at the end which was intended in a measure as an alternative to an expulsion clause. In Article 9 the chief change was the substitution of the words "any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic Area" for the old phrase "any other neighbouring European State". Article 10, he noted, had been rewritten and drew attention to the contents of the first paragraph, which constitutes an inconspicuous assertion of the right of Congress to declare war. The Article also contains the provision we had heard of before requiring ratification by the original seven as part of the majority before coming into effect. The United States also enthusiastically supports the inclusion of the provision for review and seems to have settled on a period of twenty years for the duration of the Treaty.

4. The meeting then turned to a discussion Article by Article.

Article 1. No representatives stated any objections to this Article.

Article 2. Mr. Van Kleffens gave enthusiastic support to the idea of an Article of this kind, saying that the Netherlands does not want the Treaty to be solely military. Anything to bring co-operation in economic, social and cultural fields would, he said, be "very warmly welcomed". He was "all for it". He thought that the Netherlands would even want the Article to be bolstered slightly. Mr. Bonnet asked what was meant by the first sentence in this Article. He wanted to know what was to be done about it. I replied that the idea was that this constituted a collective and individual obligation to keep our policies in these fields in line. Mr. Bonnet said that "on the whole" his Government would be glad to see something about economic co-operation in the Treaty. He would, however, have favoured the mention of culture as well as economics. Sir Oliver Franks said that he agreed with Mr. Van Kleffens "down the line". He would be pleased to go a little farther but extended general support to the Article without offering any suggestions for revision. Mr. Legallais said that he thought the Luxembourg Government would be in favour of the Article as also did Baron Silvercruys on behalf of the Belgian Government. The latter said that his Government's position would probably be greatly influenced by the attitude of the Canadian Government; i.e., whether the Canadian Government thought this draft was satisfactory. I thanked the other representatives for their support and said that while this Article did not go as far as the Canadian Government would like, I would see if, in view of the position of the United States Government, this Article would be satisfactory to you. I said to the meeting that this Article was merely an attempt to implement paragraph (6) on page 11 of the paper of 9th September.⁸ Mr. Acheson said he would not like to try to add anything to the present wording and that he was much surprised at Mr. Gross's success with the Senators when he put the case to them yesterday. The President had also been very helpful in getting the Canadian position across as a result of the Prime Minister's intervention with him. It would, he said, ease the position of the United States Government if the Canadian Government could decide that this draft was adequate. Greater definition would mean greater difficulty. Mr. Bonnet tried to have something about culture inserted in the Article but ran into a great deal of difficulty, as Mr. Acheson explained that the Senators were particularly allergic to "ideas of welfare and culture".

Article 3. Mr. Bonnet objected to the substitution for the phrase "will use every endeavour" of the phrase "will endeavour". He was afraid that it would appear to be merely a pious wish when translated into French. Mr. Acheson said that it was necessary, in discussing this with the United States Senate, to bear in mind the need to reconcile efforts for recovery and efforts for rearmament. If "every endeavour" was to be used for rearmament there would be no endeavour left for recovery. This argument seemed to weigh rather heavily with some of the European representatives. I tried to secure the elimination of the words "in order more effectively to achieve the objectives of this Treaty" but there was opposition on the ground that the use of the new verb "will endeavour" would sound extremely weak with some such preamble as this.

⁸ Volume 14, pièce jointe au document 398.

Volume 14, enclosure to Document 398.

Article 4. No change and no comment.

Article 5. Mr. Van Kleffens opened the European campaign for a return to the words "as may be necessary" instead of "as it deems necessary". Mr. Acheson replied, whenever this matter was brought up, that to use the first phrase instead of the second because it sounded more complete constituted an attempt to deceive. The Senators so considered it and as it was obvious that the real meaning of this phrase would come out in debates in the Senate it would be better to start off honestly in the first instance. In addition, the new phraseology is the work of Senator Connally himself. Mr. Gross (the legal adviser of the State Department) said that the explicit mention of the use of armed force in this clause was dependent upon the use of the phrase "as it deems necessary". We could not have the former without the latter. Mr. Bonnet, of course, sided with those who preferred "as may be necessary". He thought that there was some contradiction in the Article in talking of action to be taken "in concert" and, at the same time, saying that it is only such action as each country deems necessary. He thought that it would be a good thing to have a reference in Article 5 to Article 8 rather than a reference in Article 8 to Article 5. He thought that by making this change it would be possible to emphasize *joint* thinking and *joint* resolutions. Mr. Acheson said he thought this would be "a great mistake" as it appeared to get towards the idea of automatic action. He drew attention to the fact that the debates on the ratification of the Treaty would necessarily be conducted in an artificial atmosphere. The Treaty was intended to deal with an all-out Soviet attack on one of the parties and there was no doubt about what would happen if such an attack took place. On the other hand, the debate in the Senate would be on the ground that the United States might be drawn into war as a result of some "minor fracas". The language, therefore, had to make it plain that such a minor incident could not result automatically in war. Sir Oliver Franks said that this text seemed to be nearer to what everybody wanted than had seemed possible two weeks ago. He thought it would be a good thing to be content with what we have got. He attached great importance to the mention of the use of armed force. I agreed in a general way with Sir Oliver Franks and said that while the Canadian Government would probably favour a stronger pledge than the one originally contemplated we understood the difficulties faced by the State Department and felt that the Secretary of State should be congratulated on saving so much from what had almost looked like a hopeless situation.

Article 6. Discussion of this Article was referred to the Working Group as the changes in it were purely formal.

Article 7. Little comment, except for my endorsement of the addition.

Article 8. Mr. Acheson said that the United States Government did not feel that it could accept the French suggestion to include the word "plans". The meeting then listened to a rehearsal of the argument that had been heard many times earlier on this subject. In the end Mr. Bonnet asked for private conversations with the State Department and will probably get them.

Unnumbered Article referring to Article 5. This Article replaces the old Article 5 bis. Although Algeria is placed in square brackets, Mr. Acheson said "we can struggle with that", meaning that he thought that after considerable difficulty he

would be able to persuade the Senators to accept the inclusion of Algeria. It was also suggested that the phrase "the Algerian Departments of France" be substituted for the word "Algeria". I mentioned that in the Working Group we would have some minor suggestions about re-wording this Article.

Article 9. No comment; the changes appeared to be acceptable.

Article 10. Mr. Bonnet said he would not oppose the new provision about review at half time but he said that it was both useless and unfortunate. It was his opinion that this revision could quite well be done under the clause on consultation anyhow. He was afraid that the effect of this provision might be to make the treaty be good for ten years instead of twenty. Mr. Acheson said that he favoured the inclusion of this provision because it seemed to detract from the impression that this Treaty was a permanent military alliance. I said that we would propose some drafting changes in the Working Group.

302.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-506

Washington, February 25, 1994

TOP SECRET

North Atlantic Treaty. My preceding messages about this morning's meeting.

1. At the end of the meeting, which lasted over three hours, we discussed the order of proceedings. It was agreed that we should proceed as follows:

(a) The revised text prepared by the State Department, after consultation with Senators, should be communicated to Governments immediately. Meanwhile the Working Group should consider certain drafting points.

(b) The extension of an invitation to Norway to join the talks should be dealt with separately and most urgently.

(c) The comments of the Governments on the revised text should, if possible, be available fairly early next week when the Ambassadors' group could put it into "more or less final shape".

(d) We should then communicate again with our Governments and probably with very brief delay inform the other Governments whose accession is desired and possible of the exact text. At this time the text might be published in all the Capitals.

(e) Two or three weeks later, after an interval for public discussion and digestion, the Treaty might be signed. Mr. Acheson answered affirmatively my question whether this would mean if all went well that about March 31st could be the date for signature.

2. There was no discussion of the method of signature and whether it should be preceded by a brief formal conference. Mr. Acheson left me with the impression that he may have in mind that no conference will be necessary because of the exhaustive preliminary negotiations. Have you any strong views?

3. As to the revised text, it is in a more satisfactory shape than I could have hoped a few days ago. I believe that we should accept all the Articles as they stand except for minor drafting changes. The substance of Articles 2 and 7 has been improved considerably from the previous drafts, and the changes in Articles 1 and 9 are also improvements. We shall certainly get nothing better than the present draft of Articles 3, 4 and 5. Articles 5 bis, 6 and 10 may be rearranged somewhat, but their substance meets our views except perhaps for the introduction of the mild reference to constitutional processes in the first sentence of Article 10. This we must accept.

4. As for Article 2, I argued this morning for a stronger Article on the lines of our own proposal, making reference directly to the development of trade, higher standards of living and greater economic and social justice. Mr. Acheson and Mr. Gross were both firmly of the view that they could not secure Senatorial approval for these additions, and urged me to seek to persuade the Canadian Government to accept the present language. They were surprised that the Senators had not opposed this, and are most anxious not to have to go to them again with a new text.

303.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-510

Ottawa, February 27, 1949

TOP SECRET

Following for Wrong. Begins: Reference your WA-496, Articles of the draft North Atlantic Treaty. The following are my comments:

Article 1 (Peaceful Settlement)

The changes in this article are not substantive and it is acceptable as it now stands.

Article 2 (General Welfare)

I am pleased to note that our representations to the United Kingdom, France and the Benelux countries were fruitful and that you received the support of these representatives in the Ambassadors' Group for a stronger article. I feel that this article is perhaps as strong as we can secure and it is therefore acceptable as it now stands. As a matter of drafting, however, I would suggest that the phrase "a better understanding of the principles upon which they are founded" should read "a better understanding of the principles upon which these institutions are founded".

Article 3 (Mutual Aid)

I would accept the article as presently drafted.

Article 4 (Consultation)

This article is acceptable as it stands, although I feel that you might in the Working Group put forward the revision already suggested in my EX 300 of February 7 which reads as follows:

"The parties will consult together whenever, in the opinion of any of them,

(a) the territorial integrity, political independence or security of any of the parties is threatened; or

(b) there exists any situation which constitutes a threat to or breach of the peace."

Article 5 (Mutual Assistance)

I agree that the article as drafted is probably as strong as we could secure and that Acheson should be congratulated on the success which he has had.

I do not see the necessity for placing the last sentence of the second paragraph of Article 6 in this article. It seems to me as a matter of drafting that this sentence really follows from the first sentence of paragraph 2 of Article 6. I would be grateful if you would explain why this change was made.

Article 6 (United Nations)

I would prefer as a matter of drafting that paragraph 2 of this Article follow the lines of my original suggestion, namely, that the two sentences should be joined. The text might then read as follows:

"All measures taken under Article 5 shall be immediately reported to the Security Council, and shall be terminated as soon as the Security Council has taken the measures necessary to restore and maintain international peace and security."

I would prefer that the second paragraph of Article 6 should become Article 7 with consequential changes. I presume these changes could be discussed in the Working Group.

Article 7 (Other International Engagements)

This article is acceptable as it stands (I am assuming that "any other of the parties of any third state" should read "any other of the parties or any third state.")

Article 8 (Organization)

I note that this article has not been altered and would accept it as presently drafted.

Unnumbered Article to Define Article 5

I would prefer my redraft in EX-300 of February 7. In particular, I feel that the phrase "on the islands under the jurisdiction of any party in the North Atlantic area north of the Tropic of Cancer" should be replaced by "any islands not included in Europe or North America, which are under the jurisdiction, etc." This would leave no doubt that the Arctic islands would be included, both by the use of the phrase

"North America" and also by the reference to the islands under the jurisdiction of any party in the North Atlantic area.

Article 9 (Accession)

I continue to feel that "country of the North Atlantic area" might be substituted for "neighbouring European state". If the objection to the former phrase is on the grounds that it might exclude Italy, this objection would be overcome if Italy is to be an original signatory.

Article 10 (Ratification and Duration)

I presume that you will raise in the Drafting Group our suggested changes for this article. You will recall that I have suggested that the order of the sentences might be reversed and that there should be two articles, one dealing with ratification and one with duration.

Joint Declaration

I assume that you will at an appropriate time raise in the Ambassadors' Group the question of a joint declaration and put forward our suggested text as contained in my EX-16 of January 4.†

304.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-517

Washington, February 28, 1949

TOP SECRET

North Atlantic Treaty. Your EX-510 of February 27th.

1. I am grateful to you, both for the promptness of your comments and for their substance. They include a few minor points which I might elucidate further before the next meeting here.

Article 2. The slight change you suggest had already occurred to me, and I am sure that there will be no difficulty.

Article 4. The trouble about your proposed addition is that it could be regarded as requiring consultation on any issue likely to threaten peace anywhere in the world, and would thus give the North Atlantic Council as wide duties of consultation as those of the Security Council. For instance, in the opinion of the North Atlantic Governments the situation a few months ago in Kashmir and the present situation in Indonesia could only be regarded as threatening the peace. I think that this objection has force, and I am sure we shall not get the earlier language restored.

Articles 5 and 6. We intend in the Working Group to propose that the text which you suggest in your comment on Article 6 should be put at the end of Article 5 and

that Article 6 be reduced to its first paragraph. The purpose of including reference to the Security Council in the most important Article in the Treaty is to demonstrate, on the basis of that Article alone, that the Treaty will operate within the United Nations framework. The Senators attach some importance to this, and I think that it has value in explaining and defending the Treaty to the public.

Article defining areas. We shall attempt to secure approval of a re-draft in the Working Group. I have made it clear that we desire more exact language in this Article.

Article 9. It seems almost certain that Italy will not be an original signatory, and therefore language like that in the draft will have to be maintained in order to permit Italian accession.

Article 10. We have prepared a re-draft on the lines that you suggest, including also a reference to authentic texts in both French and English.

Joint Declaration. The time for raising this again should come soon. Ends.

305.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-533

Washington, March 1, 1949

TOP SECRET

North Atlantic Treaty.

A meeting of the Ambassadors was held this morning with the Secretary of State.

2. Mr. Acheson started the meeting by placing before it at once the question which had been discussed Friday—the nature of the reply which should be sent to the enquiry from the Norwegian Foreign Minister. The French Ambassador asked to speak last on this question. The views expressed by the others, including myself, were essentially the same and may be summed up as follows: that our Governments recognized that a favourable reply must be sent forthwith and that they regarded the Norwegian and Italian problems as two separate and distinct problems which should not be linked together.

3. The French Ambassador, although he retreated from the position which he had taken on Friday, in that he recognized that the Norwegian and Italian problems were not the same, said that he had to make it clear in advance that if Italy were not to become a party to the Treaty the French Government would have to reconsider its position in so far as its participation is concerned. He said that he had received the clearest possible indications on this point. He agreed that it is most important to conclude the Treaty urgently, but that French signature will ultimately depend on the "structure of the Treaty", that is, who is to be party to it. If it was decided to tell the Norwegians today that if they, at the conclusion of the debate in the Storting,

asked for an invitation it will be forthcoming, Mr. Bonnet said that he would wish to be able to tell his Government when the Italian question will be decided. In the course of his remarks, Mr. Bonnet made some very embarrassing statements, to put it mildly. He indicated, for example, a suspicion on the French side that delays in reaching a solution of the problems of Italy and North Africa were deliberate tactics on the part of some of the other parties to the negotiations in the hope that the French would, in the end, "bow and accept". He concluded his opening remarks by saying that if a favourable reply were to be sent to Norway, he could only agree on condition that Norway would not be allowed to oppose the admission of Italy and that a decision on this point must be taken by the original seven Governments. The reaction to the attempt to impose a condition was adverse from all the other parties. Faced with this Mr. Bonnet said that he had not meant to impose a condition but had wished to explain the consequences of a rejection of the French position in their effect on the signature of the Treaty.

4. Mr. Acheson took up the insinuation that there had been undue delay on some points and referred specifically to the question of the inclusion of Algeria. He said that when he took office he found the Senators had not known of the existence of the Algerian problem. Yesterday, however, he had been able to get the Senators to understand the French position and to agree to the inclusion of the French Departments of Algeria in the area. He reiterated that there was "nothing Machiavellian" in the United States attitude.

5. It was agreed that a message might now go to Norway to tell the Norwegian Government that if, on the conclusion of their debate, they decided they wanted an invitation, an invitation would be forthcoming.

6. Mr. Van Kleffens suggested that it might be as well to accompany this assurance with a summary of the current position with respect to thinking on Italy in order that the Norwegians might not feel that they had been taken unawares. This was agreed to after some debate.

7. Sir Oliver Franks raised the question of the meaning of Italian participation. He thought there were two questions:

(1) In principle, should Italy be associated with the other signatory States in the Treaty?

(2) Should Italy be an original signatory?

The debate on these points seemed to indicate that by and large nobody had any objections in principle to associating Italy with the other Powers in the treaty and that nobody had definite instructions whether Italy should sign the Treaty or should accede to it, except the French who are, of course, insistent that Italy should sign, and the Americans who now favour the association of Italy by later accession.

8. The question of what reply should be given to Denmark if it should ask a question similar to Norway's was then brought up by Mr. Acheson. Mr. Bonnet said that he would have to ask for instructions from Paris but the other representatives seemed to be in no doubt that there was only one reply which could logically be given to the Danes at this time. A request from Denmark to participate is likely within a week.

306.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-534

Washington, March 1, 1949

TOP SECRET

North Atlantic Treaty. My immediately preceding message.

A further meeting of the Ambassadors and Mr. Acheson is to be held on Thursday morning to discuss the status of all States which may sign or adhere to the Treaty. These will include Denmark, Portugal, Ireland, Iceland and Italy. I shall, therefore, require before 10.00 o'clock on Thursday your instructions on the following two points:

1) Should Denmark receive the same sort of assurance as Norway if the Danish Government decides to ask the same sort of question? (Only an affirmative answer is really possible.)

2) Should Italy become a full party to the Treaty by signing it, or by acceding to it?

2. The balance with respect to procedure on Italy is that only France has come out in favour of having Italy sign, and only the United States has come out in favour of having Italy accede. The position of the other States is not known for sure.

307.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-549

Ottawa, March 2, 1949

TOP SECRET

North Atlantic Treaty. Your telegram No. WA-534 March 1st.

(1) I agree that an invitation should be issued to the Danish Government to participate in negotiations should they so desire.

(2) I should prefer that Italy should accede to the Treaty after signature unless she gives a pledge not to raise political questions for bargaining purposes before signing. If Italy, having been invited to participate in the current discussions and then to sign the Treaty as an original signatory, raised such thorny questions as the position of Trieste and the Italian colonies, serious delays would be caused and this must be avoided. I think there is serious objection to inviting any power to take part

in the current discussions if we have reason to believe that they intend to bargain for purely domestic gains. This would, of course, include Ireland.

308.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-553

Ottawa, March 2, 1949

TOP SECRET

North Atlantic Treaty. Your telegram No. 517 of February 28th.

Article 4: I agree with your arguments, and I am accordingly prepared to accept the Article as it stands, without putting forward my suggestions for revision in the Working Group.

I agree with your suggestions on *Articles 5 and 6.*

Article Defining Areas: One point occurs to me upon which I do not think we have received any information, viz., whether the United States considers that, under this Article as now drafted, or under the Article as we should like to see it drafted, the Aleutian Islands are included. A question on this point might well arise in the House, particularly if I am asked whether the Arctic Archipelago is included.

Article 9: I agree with your arguments, provided it is decided that Italy should not be an original signatory.

Cabinet is meeting on Friday, and I should like, if possible, to place a revised text before them. If, therefore, the Working Group completes its drafting revision in time, I should be grateful if you would send me a clean text of all the Articles so they can be submitted to Cabinet. If I am to do this, I shall of course require the text by Thursday afternoon at the latest.

309.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-561

Ottawa, March 3, 1949

TOP SECRET

North Atlantic Treaty. Your telegram WA-506 of February 25.

1. In paragraph 2 of your telegram which dealt with the order of future proceedings, you said that the publication of the text of the Treaty would be followed by a two or three weeks' interval "for public discussion and digestion" and then the

Treaty might be signed—approximately March 31. You went on to say that there was no discussion of the method of signature and whether signature should be preceded by a brief formal conference but that Mr. Acheson left you with the impression that he might have in mind that no conference would be necessary because of the exhaustive preliminary negotiations. You asked whether we had any strong views.

2. I am not clear what is implied in the phrase “an interval for public discussion and digestion”. In democratic countries such as those participating in the Washington discussions, suggestions for the revision and improvement of the Treaty text will undoubtedly be made by responsible groups during the two or three weeks' interval between the publication of the text and signature. The governments may well be put in an embarrassing position if they are forced to state that regardless of the merits of the suggestions—some of which might be purely drafting—the text which was published is sacrosanct. It is possible to take this line once a treaty has been signed and is before the Legislature for approval, but it is hardly practical politics to take this line before a treaty is actually signed, once a draft has been published.

[3. Not only is it not practical politics but I doubt whether it is wise. As a result of public discussion and digestion of the Treaty in Canada, it may be that the Canadian Government will wish to propose amendments to the published text.

4. I therefore think that it is extremely important that when the text is published it made clear in all the capitals that the text is not rigid but that each government reserves the right to propose amendments.]⁹

3. While I would not anticipate that any one of the governments would make proposals for substantial changes, it seems to me that it would be wise to hold a formal conference before the Treaty is signed at which the final suggestions of the participating governments for amendment of the draft text could be considered. Presumably some deadline could be set—say three or four days before the opening of the formal conference—by which governments should have circulated to the other governments their proposals for the revision of the draft text.

4. There are, it seems to me, other strong reasons for the holding of a formal conference before signature. The signature of this Treaty will be an historic event and it would therefore be appropriate that the Treaty be signed by Foreign Ministers in a public session at which they would have an opportunity to make speeches in support of the Treaty.

5. You will recall that, in the House of Commons on February 4, I said, with reference to the discussions in Washington:

“I hope that these discussions, which have been taking place in Washington on an ambassadorial level, will soon be concluded, and that the representatives who have been participating in them will be able to submit to their governments a complete draft of a North Atlantic Treaty, which in its essentials at least can, I hope, be made public at the same time that it is submitted to governments. The

⁹ Le texte entre parenthèses fut rayé par Pearson.
The bracketed text was deleted by Pearson.

next stage will be a careful study by each government, and careful examination by the public opinion of each country, of the principles embodied in this draft. Amendments can be submitted, and then a conference will be held at which I hope the treaty can be signed. It would then be for each government to submit the treaty to its legislature, in the democratic way, for approval or rejection."

6. I should be glad to have an answer from you at your early convenience on the questions raised in this message, since they have a bearing on the question of the approaches which might be made by the Canadian Government to the leaders of the opposition parties. If the leaders of the opposition parties are to be given an opportunity to comment on the text, I am anxious not to give them the impression that they are being presented with a *fait accompli*. Ends.

310.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-564

Washington, March 3, 1949

TOP SECRET

North Atlantic Treaty.

1. Reference your EX-553 of March 2nd. The meeting with the Ambassadors was postponed late yesterday until Friday morning at the request of the Brussels Powers, since their Permanent Commission is meeting in London today. Furthermore, the Brussels Powers, or most of them, have not yet received their instructions on the latest text (i.e., that given in my WA-496 of February 25th), so that no meeting of the Working Group has taken place. In consequence, I cannot provide you with a revised text in time for submission to Cabinet on Friday. I suggest, however, that we seem to be so near agreement on all but a few drafting points that you might consider taking up in the Cabinet the text quoted in my WA-496, while explaining the articles in which we desire some improvement.

2. The Aleutian Islands have never been mentioned in the Ambassadors' meetings, but I think that the view probably held in the State Department is that the easternmost end of the chain is included but not the western group beyond the 170th or 175th parallel of longitude. Since the French have been trying insistently to bargain Italy and North Africa against coverage of the Canadian Arctic and Alaska, I should prefer not to raise this matter specifically at a meeting until the Italian question is settled. We shall, however, at the first opportunity make private enquiries in the State Department.

3. With reference to your EX-561 of March 3rd. My impression that Mr. Acheson might not be contemplating a final conference before signature has been corrected by my later private talk with him at his house on Sunday, the gist of which I sent

you in my WA-516 of February 28.^{†10} While our conversation was confined to the place of signature, clearly he has in mind some sort of a conference preceding signature or he would not have said that he favoured signature in Bermuda. If you have a conference attended by Foreign Ministers, it seems evident that the text cannot be considered unalterable when the conference meets. Mr. Acheson has stated publicly this week that he would welcome public discussion of the text between its release and the signature of the treaty.

4. Because of the French attitude at the last two Ambassadors' meetings, it was not timely to go into these matters in detail. I shall probably be able to get clarification at Friday's meeting or, at latest, at what we hope will be the last meeting before the text is published, which should take place between March 7th and 9th. We shall also discuss this aspect privately with the State Department and the British Embassy.

311.

H.H.W./Vol. 6

Note de l'ambassadeur aux États-Unis
Minute by Ambassador in United States

TOP SECRET

[Washington], March 4, 1949

CANADIAN ATTITUDE IN WORKING GROUP ON DRAFT ARTICLES

Article 3. Support any changes acceptable to the State Department which would strengthen the language.

Article 5. Support the merger of para. 2 of Article 6 and the last para. of Article 5, in accordance with our own draft.

Article on Area. I think that we should not push our original instructions too far and that, in view of Van Kleffens' point this morning, we should agree to specific mention of occupation forces in Europe. I am not myself very sure that the reference which we desire to "islands not included in Europe or North America" is at all necessary as constituting an additional safeguard that the Arctic islands are covered. You might, if the atmosphere is favourable, raise the question of the Aleutian Islands and try to get some commitment from the State Department as to how much of them they consider an Asiatic tail in the chain which would not be covered by the Treaty.

On one minor point, it is unnecessary in the second line to put after "the parties" the words "to this Treaty" as we do not do so at other points.

Article 9. You might raise the point again about using the phrase "European State", but I think that really we should not press it and that the present language is quite satisfactory.

¹⁰ Lors de la conversation, Acheson affirma qu'il préférerait les Bermudes comme lieu de signature, alors que ses fonctionnaires recommandèrent Ottawa. Wrong déclara que le Canada «did not want signature in Ottawa.»

In that conversation Acheson stated his preference for Bermuda as the place of signature, while his officials recommended Ottawa. Wrong stated that Canada "did not want signature in Ottawa."

Article 10. You might follow the lines of the suggestion in my earlier memorandum.

[H.H. WRONG]

312.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 4, 1949

NORTH ATLANTIC PACT; PROCEDURE FOR CANADIAN APPROVAL

13. *The Prime Minister*, referring to discussion at the meeting of February 24th, reported that a draft text of the North Atlantic Treaty would likely be agreed on and submitted very shortly to participating governments.

When the draft text was submitted, it was proposed that it be circulated to the Cabinet and to the leaders of the opposition parties. It might be tabled shortly thereafter in the House of Commons and a resolution of approval put on the Order Paper, the House being informed that the resolution would be discussed prior to the Pact being signed.

In this connection draft letters to the opposition leaders and a preliminary draft of a resolution for introduction in the House of Commons had been prepared.

(Memorandum, Secretary of State for External Affairs to the Prime Minister, Mar. 2, 1949,† and attached draft letter and draft resolution†).

14. *The Cabinet*, after discussion, noted the Prime Minister's report.

313.

DEA/283(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-589

Washington, March 4, 1949

TOP SECRET

North Atlantic Treaty.

1. The Ambassadors and Mr. Acheson met at 11:00 o'clock this morning to discuss the participation of Italy and related questions, the procedure whereby the treaty should be signed, and the text of the treaty.

2. On the suggestion of Sir Oliver Franks the Italian question was dealt with in two phases: First, the principle of Italian participation, and secondly, the time or method of association. It rapidly emerged that nobody now had any objection to the participation of Italy in principle. However, no formal decision to invite Italian

participation could be taken for the reason that, although Mr. Acheson has the authority of the President to agree to Italian participation, he has not yet succeeded in clearing the matter with the Senators. Some of the latter are not yet converted to the idea of Italian participation and would resent it if the decision were taken before they had had time to make up their minds. Mr. Acheson, therefore, asked that, although he had in effect agreed to Italian participation, nothing should be said about it and the agreement should not be considered final until he had secured the consent of the Senators.

3. Having reached this tentative decision the question remained whether Italy should be invited to participate in the negotiations and to sign, or to sign without participating in the negotiations, or to adhere. It emerged that yesterday morning the Brussels Permanent Commission decided that it would be best to agree on a text as quickly as possible among the original seven, to transmit this text to the Home Governments, and as soon as their agreement is received to have the text initialled by the original seven *ad referendum*. (The Norwegians would not be among those initialling the draft.) After the seven Governments had accepted the draft, they should sign the treaty and any other countries, including Norway and Italy, which have been accepted by the seven would be invited to accede on the same day. There was some discussion over the meaning of "accede" in this sense, and it appeared probable that the Brussels Permanent Commission was thinking in terms of signature rather than accession under Article 9.

4. Sir Oliver Franks thought that the British reason for backing this decision in the Permanent Commission was that they were concerned primarily with speed. He thought that it did not matter when countries like Norway, Denmark and Italy joined the talks after an agreed draft text had been transmitted to the Home Governments, as their participation in the talks would then be more or less academic.

5. I said that you had no strong views as to the choice between signature and accession, although you did prefer that Italy should not take part in the active discussion of the text. I pointed out the possibility that Italy might try to bring up the question of her colonies and of the return of Trieste, but the French Ambassador and Mr. Acheson assured me that the Italian Government was aware that it could not discuss matters of this sort in relation to the North Atlantic Treaty. The Belgian Ambassador expressed the preference that Italy should not participate in the active discussions but that it should sign rather than accede later. The French, of course, are in favour of immediate participation and are the obvious movers of the scheme put forward by the Brussels Permanent Commission. Their explanation for this suggested procedure is that the French Government is of the opinion that all Governments, other than the original seven, should be put on the same footing and that no distinction should be made in the case of Italy.

6. There was some discussion over the question of initialling the draft in which both Mr. Acheson and myself said that we should prefer not to have to initial the text as it seemed to be an unnecessary complication for domestic reasons.

7. In discussing the text which is expected to be agreed in the near future I expressed the view that while it would be more or less final it was understood that our Governments were not committed to every word and every comma. I explained

that you intended to take the leaders of the opposition parties into your confidence before the treaty is signed and that you would like to be able to present them with a draft in which alterations could still be made, although it was improbable that they would be made. This was generally agreed to.

8. The United States representatives said that they would like to send the text to the twenty American Republics twenty-four hours in advance of its release to the newspapers to inform them as a matter of courtesy of the obligations being undertaken by the United States. Sir Oliver Franks suggested that the United Kingdom would want to do the same for the Commonwealth countries.

9. In the discussion of the place of signature there was an early move to hold the diplomatic conference in Bermuda. This entailed a discussion of the need for a diplomatic conference. I said that I hoped that several of the Foreign Ministers of the participating countries would gather for the signing, and that there ought to be some formalities and good showmanship to mark the importance of the occasion. I suggested that at the time of signature other things besides the text were going to have to be considered, among them the advisability of making a declaration to explain the special need for signing a treaty of this nature at this time. I pointed out that, in addition, any signing countries which have not participated in the negotiations should be given an opportunity to state why they were signing. Mr. Acheson said that if questions of this nature were to be discussed or if last-minute questions about the text might arise he would rather stay in Washington. He also hoped that Mr. Truman would sign the treaty on behalf of the United States and add his prestige to the occasion. It was, therefore, pretty well agreed that the conference would take place in Washington and that in consequence the blanks in Articles 9 and 10 of the treaty should be filled in with the name of the United States.

10. At this point the Norwegian Ambassador was brought into the room to take his seat at the conference table. The formalities of welcome were very brief and the meeting turned to a consideration of the text of the treaty. As the Working Group is meeting this afternoon to discuss the text and the minor amendments which various countries have suggested I shall cover questions relating to the text in a later message. See also my immediately following message. Ends.

314.

DEA/238(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-590

Washington, March 4, 1949

TOP SECRET

North Atlantic Treaty. Reference my immediately preceding message.

1. The chief results of this morning's meeting of the Ambassadors and the Secretary of State were as follows:

(a) The admission of Norway to participate in the final stages of the negotiations; during the meeting the Secretary of State received a message saying that Denmark did not want to be invited before the Foreign Minister had visited Washington and reported back to the Rigsdag.

(b) A tentative decision that Italy should be an original signatory with the understanding that the Italian Ambassador would not be invited to join the group here until a revised and almost final text had been submitted.

(c) Agreement on all the draft articles except for some drafting amendments to be considered this afternoon and tomorrow by the Working Group. In certain cases this agreement was conditional on further approval by particular Governments.

(d) Agreement that the Ambassadors' Group should meet, if possible, on Monday to pass on the work of the Working Group. If accepted, this would be regarded as "the more or less final text of the treaty".

(e) Clarification of further procedure.

2. Most of these questions are dealt with in my preceding message at some length. I shall report later on the progress made in securing acceptance of the Canadian amendments. In one or two cases objections which seem to me valid were made to our phrasing.

3. The probable solution for Italy will be an invitation to attend the conference preceding signature and to sign with the rest of us, provided that they accept without change the articles approved by the seven Governments. Mr. Acheson said it would take him some days to make firm the tentative decision of the United States that Italy should be a full participant.

4. As to procedure, the probability now is that we shall re-submit the articles with some minor alternations to our own Governments some time next week. It would be understood, however, that the Executive Branch of the Governments has by that time indicated their readiness to accept the treaty in that form without closing the door to suggesting further changes in the light of public discussion of the draft and consultations with parliamentary leaders. The draft would, however, be made public soon after its acceptance by the Ambassadors' Group. There would then be an interval of a fortnight or slightly longer to permit public discussion preceding signature.

5. I imagine that you would wish to consult leading members of the opposition between the submission of the nearly final text and its publication. I should like to know exactly what you have in mind, since I may be pressed as soon as Monday to agree on a release date, and the pressure here is strong for a brief interval between clearing the text in the Ambassadors' Group and making it public.

6. As to the procedure for signature, it seemed to me this morning that little thought had been given to it. I put the case strongly for a conference which would be attended by as many Foreign Ministers as possible and not be purely ceremonial in character. Franks agreed with me and said that Mr. Bevin would wish to come. Acheson indicated that he was impressed by our views and took the reasonable position that, if the text was to be subjected to alteration at the conference, he ought

to be able to consult the Foreign Relations Committee without delay. This rules out Bermuda and makes Washington the obvious place.

7. I referred also to our draft joint declaration at the time of signature. No-one opposed it, and Van Kleffens expressed strong support. The question of assurances to Greece and Turkey was not brought up.

8. The Working Group is supposed to produce a preamble immediately, but I doubt that the product will be acceptable to everyone even *ad referendum*. I think that its language can be left open for a while.

9. Incidentally, Acheson thinks that the Senate in approving the treaty might possibly attach a reservation requiring Senate advice and consent for the accession of any states under Article 9. This is one of the reasons why he is inclined to favour Italy as an original signatory. Ends.

DEA/283(s)

315.

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

Ottawa, March 4, 1949

TELEGRAM EX-587

TOP SECRET

Following from Reid. North Atlantic Treaty. Article 5.

1. I am sending you today by air bag a memorandum by the Legal Adviser on the "Nature of the Pledge."[†]

2. The Legal Adviser, in this memorandum, has drawn attention to the fact that the change in Article 5 from "as may be necessary" to "as it deems necessary" does a good deal more than make explicit what had been implicit.

3. In the earlier draft, each signatory was pledged to take whatever action a reasonable man would say was necessary to restore and maintain the security of the North Atlantic area. Each signatory was of course the sole judge of what a reasonable man would say.

4. Under the new language, each signatory is pledged to take only such action as it deems necessary. The United States therefore, could, without violating its legal obligation under the Treaty, decide that, even in the event of an all-out military attack against France, it deems it necessary to take only diplomatic sanctions. Such a decision on the part of the United States would be a violation of the spirit of the Treaty, but it would not be a violation of the letter of the Treaty.

5. Our worry is that this interpretation of the language of Article 5 may be given in the course of debate in the United States Senate. An acceptance of this interpretation would greatly weaken the deterrent effect of the Treaty.

6. I should be grateful if you would discuss this matter informally with the State Department, pointing out that the explanation of the amendment which Mr. Ache-

son gave at the meeting on February 25 was that the amendment merely made explicit what had been implicit; but that in the opinion of our legal adviser the amendment goes a good deal further than this. If the United States Senators did not intend this to be the effect of the amendment, perhaps they would be willing to consider alternative language which would accomplish what they had in mind.

7. My immediately following telegram† contains extracts from the legal adviser's memorandum of March 3. Ends.

316.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-596

Washington, March 5, 1949

TOP SECRET

Following for Reid from Wrong, Begins: Your messages EX-587 and 588† of March 4th, North Atlantic Treaty.

1. The present language of paragraph 1 of Article 5 was accepted at yesterday morning's meeting, all the representatives, including myself, having been so instructed by their Governments. I am not willing to re-open the matter even informally at the State Department unless I receive instructions from Mr. Pearson to do so. In any case there would be no hope of getting the language changed, as the modification which you criticize was the price of securing the support of the Senate Foreign Relations Committee for the rest of the article.

2. Furthermore, I am not impressed by the importance of the considerations put forward in your message, especially by the contention that the change in language substitutes the judgment of each party for the opinion of a mythical "reasonable man". While I would have preferred the earlier language, I consider that the reasons advanced in your messages are not strong enough to justify re-opening the most difficult issue in the whole negotiation. If we brought the matter up formally at this late stage, we should either have to give way promptly or considerably delay and thereby endanger the whole project. Ends.

317.

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

Washington, March 8, 1949

TELEGRAM WA-626

TOP SECRET

North Atlantic Treaty. Reference my immediately preceding teletypes.†

1. Early in yesterday's meeting Mr. Acheson raised the question whether the Treaty should be regarded as a regional arrangement in accordance with Chapter 8 of the Charter. I think I have had no instructions from you on this point, but I have myself always considered that the Treaty would not be technically a regional arrangement under Chapter 8 and that in references to its regional character the word "regional" was employed only in a broad geographic sense.

2. Mr. Acheson, however, said that he was satisfied that we should get into a great deal of trouble if we took the view that Chapter 8 did not apply to this Treaty. He has promised to distribute a legal memorandum setting forth the arguments, which I shall forward to you as soon as I receive it. This message is therefore a preliminary report only.

3. I spoke early in the discussion, pointing out that the second sentence of Article 53 seemed to give the Security Council a veto on any enforcement action taken by a regional body under Chapter 8. I said that I always assumed that we were working under Article 51 in Chapter 7, and not under Chapter 8. While "enforcement action" could scarcely be regarded as action taken by the parties to the North Atlantic Treaty to resist an armed attack, it nevertheless might be considered as covering whatever they might do to combat indirect aggression, such as a policy agreed upon after consultation under Article 4 of the Treaty.

4. Franks also expressed concern at the views of the State Department and quoted from messages from the Foreign Office which took the line that the primary purpose of arrangements under Chapter 8 was to deal with internal disputes inside a region, whereas Article 51 authorized collective resistance by a group of States to external aggression.

5. Acheson agreed with me when I said that the question seemed to centre round the interpretation of the words "but no enforcement action" in the second sentence of Article 53. He maintained that it would be improper to regard as enforcement action anything which might be achieved under the North Atlantic Treaty. He went on to explain that he had no intention of suggesting that a reference to Chapter 8 should be included in the Treaty, but that it was highly important that all the Governments should agree on what they would say when questions about Chapter 8 were asked in the course of public debate. He hoped that everyone would think in terms of both Article 51 and Chapter 8. This would involve acceptance of the more

specific obligations towards the Security Council set forth in Article 54, although, of course, the Security Council would not be given any restricted information.

6. The other representatives took little part in this discussion. Van Kleffens and Bonnet seemed to be in general agreement with Acheson's opinion. It is important that we all do agree on what to say on this point before the text of the Treaty is made public. Ends.

318.

DEA/283(s)

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

TOP SECRET

[Ottawa], March 9, 1949

PROPOSED NORTH ATLANTIC TREATY

1. Attached is a revised draft text of the proposed North Atlantic Treaty approved by the Ambassadors' Group in Washington on March 7th. The draft has been submitted by the Group for the approval of the Governments now represented at the Washington talks—the United Kingdom, the United States, France, Belgium, The Netherlands, Luxembourg, Norway and Canada.

Time Table

2. The Ambassadors' Group has requested that these Governments instruct their representatives on any changes desired in the draft so that they may be considered at a meeting of the Ambassadors on Friday, March 11, and that Governments agree to sign the Treaty in this form subject to minor amendments. After the meeting on Friday it is proposed that the draft text approved at that meeting should be given to the Governments of Italy, Denmark, Iceland and Portugal with an intimation that they would be welcome as original signatories to the Treaty and could join in the final discussions if they wished.

3. On Monday, March 14th it is proposed that the United States Department of State would transmit the text for information to the Latin American Republics as partners with them in the Rio Treaty. It is also proposed that the United Kingdom and Canadian Governments should jointly transmit the text to other Commonwealth countries at the same time.

4. It is proposed that the text would be simultaneously released to the press in the capitals concerned at an hour yet to be settled on Tuesday, March 15th. On that day it has been suggested that a Resolution with the draft text of the Treaty appended should be introduced in the House of Commons. This should be possible between 3:00 and 4:00 p.m.

5. After publication of the text it has been suggested that an interval be allowed for public discussion. It has been agreed in the Ambassadors' Group that it might be possible to set April 4th as the target date for signature of the Treaty. This maybe optimistic but it is thought that the final conference, to be attended by repre-

sentatives of Ministerial rank, might commence on that date. The final conference will give an opportunity for discussion of the Treaty and possible final amendments.

Draft Text of the Treaty

6. The chief changes in the present draft text from that submitted to Cabinet in the memorandum dated February 16,† are as follows:

Article 2

As the result of representations by the Canadian Government this Article, which deals with economic collaboration, has been substantially strengthened.

Article 5

The main change in this Article results from the substitution of the words "as it deems necessary" for the words "as may be necessary" in the final clause of the Article. The United States introduced this change at the request of members of the Senate Foreign Relations Committee as they maintained that in practice each party was bound to determine for itself the scale of assistance which it should contribute to meet the threat of any particular armed attack. Other minor changes have been made in the draft of the Article.

Article 11

This Article contains a new provision that the Treaty "shall be ratified and carried out by the parties in accordance with their respective constitutional processes". Provision for the review of the Treaty at the end of ten years has been introduced as the result of representations by the Canadian Government.

Other Articles

Minor drafting amendments have been made in the remaining Articles of the Treaty.

Preamble

The present draft of the Preamble is not as firm as the drafts of the Articles.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Ébauche

Draft Text

CONSOLIDATION OF ARTICLES OF THE DRAFT NORTH ATLANTIC TREATY
(AS OF MARCH 7, 1949)

Preamble

The States parties to this Treaty reaffirm their faith in the purposes and principles of the United Nations Charter.

They are determined to safeguard the freedom and the common heritage and civilization of their peoples, founded on democratic principles, on the rule of law between nations, and on fundamental freedoms for all within nations.

They desire to promote stability and well-being in the North Atlantic area.

They are resolved to unite their efforts for the preservation of peace and security.

They therefore agree to the following articles:

Article 1

The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Article 2

The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Article 3

In order more effectively to achieve the objectives of this Treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist aggression.

Article 4

The parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the parties is threatened.

Article 5

The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently they agree that if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations, will assist the party or parties so attacked by taking forthwith, individually and in concert with the other parties, such action, including the use of armed force, as it deems necessary to restore and maintain the security of the North Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

Article 6

For the purpose of Article 5 an armed attack on one or more of the parties is deemed to include an armed attack on the territory of any of the parties in Europe

or North America; on the Algerian Departments of France; on the occupation forces of any party in Europe; on the islands under the jurisdiction of any party in North Atlantic area north of the Tropic of Cancer, or on the vessels or aircraft of any of the parties in this area.

Article 7

This Treaty does not affect, and shall not be interpreted as affecting in any way the rights and obligations under the Charter of the parties which are members of the United Nations, or the primary responsibility of the Security Council for the maintenance of international peace and security.

Article 8

Each party declares that none of the international engagements now in force between it and any other of the parties or any third State is in conflict with the provisions of this Treaty, and undertakes not to enter into any international engagement in conflict with this Treaty.

Article 9

The parties hereby establish a council, on which each of them shall be represented, to deal with matters concerning the implementation of this Treaty. The council shall be so organized as to be able to meet promptly at any time. The council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a defense Committee which shall recommend measures for implementation of Articles 3 and 5.

Article 10

The parties may, by unanimous agreement, invite any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty. Any State so invited may become a party to the Treaty by depositing its Instrument of Accession with the Government of the United States of America. The Government of the United States of America will inform each of the parties of the deposit of each such Instrument of Accession.

Article 11

This Treaty shall be ratified and its provisions carried out by the parties in accordance with their respective constitutional processes.

The Instruments of Ratification shall be deposited as soon as possible with the United States Government. It shall enter into force between the States which have ratified it as soon as the ratifications of the majority of the signatories, including Belgium, Canada, France, Luxembourg, The Netherlands, the United Kingdom and the United States, have been deposited and shall come into effect with respect to other States on the date of the deposit of their ratifications.

After the Treaty has been in force for ten years, or at any time thereafter, the parties shall, if any of them so request, consult together for the purpose of reviewing this Treaty, having regard for the factors then affecting peace and security in the North Atlantic area, including the development of universal as well as regional arrangements under the Charter of the United Nations for the maintenance of international peace and security.

After this Treaty has been in force for twenty years, any party may cease to be a party one year after its Notice of Denunciation has been given to the United States Government.

The United States Government shall inform the Governments of the other parties of the deposit of each Instrument of Ratification and each Notice of Denunciation.

In witness whereof the undersigned Plenipotentiaries have signed this Treaty and affixed thereto their seals.

Done at Washington this Day of March, 1949, in English and French, each text being equally authentic, the original of which shall be deposited in the archives of the United States Government and of which certified copies shall be transmitted by that Government to each of the other signatories.

319.

DEA/283(s)

Note pour le secrétaire d'État aux Affaires extérieures
Memorandum for Secretary of State for External Affairs

SECRET

[Ottawa], March 10, 1949

COMMENTARY ON ARTICLES OF DRAFT NORTH ATLANTIC TREATY

I shall outline below, for your convenience in reporting to Cabinet, some comments on recent changes in the Articles of the draft Treaty.

Article 1

The phraseology in this Article borrows heavily from the United Nations Charter. This Article will be most useful in meeting the Communist criticism that the Treaty is aggressive in character.

Article 2

The first sentence of this Article borrows language from Article 55 of the Charter. The remainder of the Article is adapted from Canadian proposals. In the Washington Working Group we received the support of the representatives of the United Kingdom, France and the Benelux countries, to whom we had made representations for a stronger Article. This Article is perhaps as strong as we can secure in view of the preference of the United States Foreign Relations Committee for the exclusion of any Article dealing with economic and social collaboration.

Article 3

As formerly drafted, this Article contained the phrase "will use every endeavour" immediately following "the parties." As the majority of the representatives in Washington felt that the phrase "will use every endeavour" weakened the Article, the Article was rewritten to eliminate all reference to "endeavour." This Article is designed to permit mutual aid among the signatories in peacetime, and will be the basis for the forthcoming United States Military Aid Programme which will be considered shortly by Congress.

Article 4

There has been no change in this Article recently, and none of the representatives in Washington have raised any objection to the present wording. This is the farthest it proved possible to go to cover the question of indirect aggression.

Article 5

The changes in this Article are outlined in the Cabinet Memorandum of March 9th. At the request of the Canadian representative, the words "they agree" were inserted after "and consequently." The second paragraph of former Article 6 was incorporated into Article 5.

The European representatives have, of course, continued to press for a stronger Article 5 which would commit the United States automatically to come to their aid should any of the signatories be attacked. In particular, the European representatives have pressed for a return to the words "as may be necessary" instead of "as it deems necessary." The Senate Foreign Relations Committee considered that the real meaning of this phrase would be debated in the Senate and that, consequently, it would be preferable to have the real meaning clearly expressed initially. In accordance with the instructions approved by Cabinet on December 1, the Canadian representative has throughout the discussions favoured a pledge as strong as that in the Brussels Treaty where each party agrees to come to the assistance of the others with "all the military and other aid and assistance in their power." The pledge, however, is now as strong as can be secured from the United States. Thus, while an attack against one is an attack against all, it is left for each party to decide on the scale and nature of assistance which might be given to restore and maintain the security of the North Atlantic area, a procedure which was followed in the last War. While there is no automatic commitment to declare war, there is a clear obligation to take action to assist the party attacked on a scale equal to the threat.

Article 6

This Article was formerly Article 5 bis defining the area. The area now specifically includes Algeria. During the discussions it was agreed that "occupation forces" would cover British and American troops in Trieste but would not cover them in Greece. The British representative proposed that the words "armed forces" should be substituted for "occupation forces" in order that British troops in Greece would not be specifically excluded. The Canadian representative resisted this change on the grounds that Greece should not be brought within the possible operation of the pledge. The British representative then dropped his proposal but asked that governments avoid, if possible, any public statement when the Treaty is under debate that British troops in Greece are excluded from the pledge. At the next Ambassadors' Meeting the minutes will be used as a record for future use of some of the important understandings about the meaning of the Treaty which have been accepted in the course of the negotiations. It is the intention of the Canadian Ambassador to record in the minutes the understanding that the Canadian Arctic islands and the islands adjacent to the West Coast are included in the phrase "North America."

Article 7

This Article was formerly Article 6. As some of the parties may not be members of the United Nations they would not have obligations under the Charter. The Article has been re-worded to make it clear that the obligations of the Article are binding on members of the United Nations only.

Article 8

This Article was formerly Article 7. The phrase "undertakes not to enter into any international engagements in conflict with this Treaty" was inserted following the suggestion of the Canadian representative.

Article 9

This Article (formerly Article 8) is now acceptable to all the representatives participating in the Washington discussions. The French representative, recently supported by the Norwegians, had advocated the insertion of "and prepare plans" after "recommend measures" but this phrase was unacceptable to the United States military authorities.

Article 10

This Article (formerly Article 9) has been substantially modified. Unanimous agreement is now required before any other European state (which must be "in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area") can be invited to accede. It has been decided by the Ambassadors' Group that the locale of the conference should be the United States.

Article 11

This Article (formerly Article 10) has also been substantially altered. The Treaty will not come into force until the majority of signatories, *including* Belgium, Canada, France, Luxembourg, The Netherlands, the United Kingdom and the United States, have ratified it. On the suggestion of the Canadian representative, provision was made for equally authentic texts in French and in English.

Joint Declaration

The Canadian draft of the Joint Declaration (a copy of which is attached for your convenience†) which is in the hands of Mr. Wrong, is under consideration by the Working Group. It has been suggested by the Washington Group that it should not be made public until the final conference.

Participating Countries

The United States State Department on March 8th gave a brief oral message to the Italian, Danish and Portuguese Ambassadors and the Minister of Iceland, telling them that their countries would be cordially welcomed as signatories. It appears certain that Italy and Denmark will accept the invitation. The response of Portugal and Iceland has been friendly but non-committal. The Irish have ruled themselves out by their reply to the first informal approach.

I understand that you wish to bring to the attention of Mr. [George] Drew, Mr. [M.J.] Coldwell and Mr. [Solon] Low [leaders of the opposition parties] the draft

Treaty as it now stands and, to effect this, letters have been prepared for your signature. You may wish to inform Cabinet of this decision.

I attach an annex giving the outstanding drafting changes suggested to Mr. Wrong.

[PIÈCE JOINTE/ENCLOSURE]

[ANNEX]

SECRET

OUTSTANDING DRAFTING CHANGES SUGGESTED TO MR. WRONG

We have suggested to Mr. Wrong that he might put forward at the next meeting of Ambassadors the following drafting amendments.

Article 5 paragraph 1

(1) It should be suggested that as a matter of drafting the word "as" is necessary after "considered."

(2) It might be argued that as not all of the parties are members of the United Nations, it would be incorrect to refer to all the parties exercising the right of self-defence recognized under Article 51. It might, however, be argued that the Charter merely recognizes an inherent international right, possessed by all States whether members of the United Nations or not.

Article 5 paragraph 2

While we recognize an advantage in placing the reference to the Security Council immediately after the pledge we have suggested that it should not form part of the same Article. The second paragraph should become a separate Article, "Article 6" which would start "any armed attack requiring action under Article 5." The pledge is so important that it would be preferable if it stood by itself. In addition, if each Article consisted of only one paragraph reference to the provisions of the Treaty would be simplified.

Article 6

(1) The punctuation should be improved. It is doubtful whether grammatically the words "include an armed attack" can govern the phrases after the semi-colons. The semi-colons might be changed to commas and a comma added after "tropic of Cancer."

Article 7

A comma is required after "affecting."

Article 9

We would doubt the wisdom or necessity of depriving the "Council" of its capital and would prefer to see it dignified by the wording "hereby establish the North Atlantic Council," particularly as it will probably be given that name in practice.

Article 11

We feel it would be desirable to split this present unwieldy Article. The following might be an acceptable method of making the split:

(1) The first two paragraphs should become a "one paragraph" article on ratification and coming into force, the words "which will notify all the other signatory states of each deposit", being added at the end of the second sentence.

(2) The third paragraph should become an Article on review of the Treaty.

(3) The next two paragraphs should become a "one paragraph" article on duration and denunciation. The second sentence should be amended by deleting "of each instrument of ratification and."

(4) In place of the last two paragraphs, the following should be substituted:

(a) A final Article: "This treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of the United States of America. Duly certified copies thereof will be transmitted by that Government to the Governments of the other signatory states."

(b) A final clause: "In witness whereof, the undersigned plenipotentiaries have signed this treaty. Done at Washington, the ____ day of March, 1949."

320.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, March 10, 1949

NORTH ATLANTIC PACT; DRAFT TREATY; PROCEDURE

7. *The Secretary of State for External Affairs*, referring to discussion at the meeting of March 8th, submitted the draft text of the North Atlantic Pact as approved by the Ambassadors' group on March 7th and outlined the timetable proposed for a final conference and signature.

The text as now submitted differed only slightly from the draft considered by the Cabinet on February 16th last:

As a result of representations by the Canadian government, Article 2 dealing with economic collaboration had been substantially strengthened. The principal change in Article 5 dealing with military assistance was the substitution of the words "as it deems necessary" for "as may be necessary" in the final clause. This change had been introduced by the United States at the request of members of the Senate Foreign Relations Committee. The object was to make it clear that, in practice, each party was bound to determine for itself the scale of assistance which it should contribute to meet the threat of any particular armed attack. Article 11 contained a provision that the Treaty "shall be ratified and carried out by the parties in accordance with their respective constitutional processes". A further provision allowed for review of the Treaty at the end of ten years. This had been introduced as a result of representations by the Canadian government.

Participating governments were asked to communicate any changes desired in the draft for consideration by the Ambassadors' group on March 11th. The draft text as approved at that meeting would then be communicated to the governments of Italy, Denmark, Iceland and Portugal, with an invitation to join in the final discussions and to become original signatories to the Treaty if they so wished.

It was also proposed that on March 14th the United States should transmit the text for information to the Latin American republics and that the U.K. and Canadian governments should jointly communicate the text to other Commonwealth countries.

If this timetable were adhered to, the text would be simultaneously released to the press in the capitals concerned at a time to be settled, on Tuesday, March 15th. April 4th had been set in the Ambassadors' group as the target date for the final conference leading to the signature of the Treaty.

An explanatory memorandum and copies of the draft text of the Treaty had been circulated to all Ministers.

(Minister's memorandum, Mar. 9, and attached consolidation of Articles of the draft North Atlantic Treaty as of Mar. 7, 1949—Cabinet Document 911).

8. *The Prime Minister* observed that, under the Treaty, Canada would forego her right to remain neutral in the event of an attack on any one of the participating nations.

By Article 11, however, each country's "constitutional processes" were safeguarded and it would be the policy of this government, except in circumstances making such action impracticable, to summon and consult Parliament before a declaration of war was made. Furthermore, the extent and nature of Canadian participation in any hostilities would remain a matter for decision by Parliament.

9. *Mr. Pearson* submitted the text of a draft resolution approving Canadian support for the Treaty. It was proposed that such a resolution would be introduced in the House of Commons on Tuesday next when the draft text of the Treaty was made public.

Meantime, copies of the draft resolution and text would be communicated to leaders of other parties without delay.

10. *The Cabinet*, after considerable further discussion, agreed:

(a) that the government approve the draft text of the North Atlantic Treaty as approved by the meeting of Ambassadors on March 7th and submitted by the Secretary of State for External Affairs;

(b) that the procedure reported by the Minister for invitations to the governments of Italy, Denmark, Iceland and Portugal to sign the Treaty and for publication of the text after prior notification to Latin American and Commonwealth governments be approved;

(c) that the Canadian Ambassador be instructed to so inform the U.S. government and representatives of other governments participating in the Washington discussions;

(d) that the procedures recommended by the Minister for communicating the draft text to leaders of other parties and for the introduction in Parliament of a

resolution along the lines of that submitted (approving Canadian support for the Treaty), with certain amendments, be approved;

(e) that Canadian representation at the proposed conference for conclusion and signature of the Treaty include representatives of all parties if that was deemed advisable following discussion of the Treaty in Parliament; and,

(f) that, with respect to Article 11, an appropriate statement be made in Parliament to the effect that, as a matter of government policy, except in the event of an attack on Canadian territory (or other circumstances in which such action was impracticable), Parliament would be summoned and consulted before a declaration of war was made in discharge of Canadian obligations under the Treaty.

321.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-636

Ottawa, March 10, 1949

TOP SECRET

Following from Reid, begins: North Atlantic Treaty.

1. I had a word with Mr. Pearson after this morning's Cabinet meeting and he has asked me to tell you that the Government has today approved of the draft text of the Treaty.

2. We will be sending you some teletypes later today in answer to various messages from you. In the meantime, Mr. Pearson has asked me to reply to your WA-641† and 646† on the preamble. He feels that the preamble is now very considerably improved. The only amendment he has to suggest is in the first paragraph. He does not like the states party to the Treaty desiring to live in peace with all *governments*. He urges the deletion of "and all governments", or, failing that, the substitution of "nations" for "governments".

3. The other point he has asked me to make to you right away relates to the outstanding drafting change which we have suggested to you and which you have not yet been able to secure. Mr. Pearson is impatient with the suggestion reported in the last paragraph of your WA-643† that the question of breaking up Article 11 and all matters of punctuation would be left open for further consideration some time before the Treaty is signed. He thinks that these drafting matters should be cleared up right away and cannot understand why they cannot be cleared up at your meeting tomorrow.

4. I have gone over with him again these drafting amendments and for your convenience I list them below:

(1) *Article 5, paragraph 1.* The word "as" should be added after "considered", unless there are good reasons to the contrary. There is an "as" in the Rio Treaty.

(2) *Article 6.* The semi-colons should be changed to commas and a comma added after "Tropic of Cancer".

(3) *Article 7.* A comma should be added after "affecting", or a comma removed after "affect".

(4) *Article 9.* Since Mr. Pearson understands that there is some objection on the part of the United States to "North Atlantic Council", he is willing, if this is so, not to press this proposal, but he does consider it absurd that "council" should not be given a capital "C".

(5) *Article 11.* This unwieldy and clumsy article should be split as follows:

(a) The first two paragraphs should become a "one paragraph" article on ratification and coming into force, the words "which will notify all the other signatory states of each deposit", being added at the end of the second sentence.

(b) The third paragraph should become an Article on review of the Treaty.

(c) The next two paragraphs should become a "one paragraph" article on duration and denunciation. The second sentence should be amended by deleting "of each instrument of ratification and."

(d) In place of the last two paragraphs the following should be substituted:

(i) A final Article: "This treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of the United States of America. Duly certified copies thereof will be transmitted by that Government to the Governments of the other signatory states."

(ii) A final clause: "In witness whereof, the undersigned plenipotentiaries have signed this treaty. Done at Washington, the ___ day of April, 1949".

6. Mr. Pearson can see no reason why the representatives at the meeting tomorrow should not be willing to accept these proposals for improving the drafting of Article 11. If, however, you cannot get the proposals on Article 11 accepted in toto, we trust that you will at least be able to get the last two paragraphs rewritten as we have suggested. The last paragraph in its present form is really hopelessly clumsy. What does "the original of which" relate to? And the "of which" in the reference later to "of which certified copies"?

7. I note one inconsistency in capitalization which might as well be cleared up. I see that you have adopted the rule that "state" should not be capitalized. This was the rule adopted by the Coordination Committee at San Francisco, so naturally I agree. However, in Article 8 a capital has crept in.

8. Sometimes the term "United States Government" is used; sometimes "Government of the United States".

9. It seems to me that a useful precedent has been set by the ready acceptance of the drafting changes proposed by the United States Senators and that it would be only courteous for the United States at least to be willing to support our drafting proposals. Ends.

322.

DEA/283(s)

*Le haut-commissaire par intérim en Irlande
au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Ireland
to Secretary of State for External Affairs*

TELEGRAM 31

Dublin, March 11, 1949

SECRET

Reference my telegram No. 30 of March 10th† regarding North Atlantic Treaty.

I delivered your letter to MacBride yesterday and had one half hour with him.

2. A short account of the interview, to be transmitted by despatch, follows:

(a) MacBride was cordial throughout and asked me to thank you for replying at length.

(b) He said he fully understood Canada's view and gave no sign of any disappointment or annoyance with any part of your letter.

(c) As regards penultimate paragraph of your letter, he fully appreciates force of your argument. As Minister for External Affairs, he would like to sign the Treaty, but as a realist he said he must face the fact that Government would fall if it announced its willingness to join the Pact before any progress was made in ending partition.

(d) Mr. MacBride in conclusion said he may raise this question with you again. He would only do so if he thought there was some prospect of success for Canadian intervention. Though he was not specific, my impression from what he said is that he is considering or has already made an informal personal approach to some member of the United Kingdom Government. MacBride seems to think that United Kingdom Government may be favourably disposed towards discussing a solution of partition with Irish Government but would find it easier to do so if Canada took initiative in raising it. If as a result of his inquiries he finds this to be the case, he will no doubt endeavour to enlist your good offices.

323.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-666

Washington, March 11, 1949

TOP SECRET

North Atlantic Treaty.

In this and my immediately following teletypes I shall report on the Ambassadors' meeting this afternoon, which lasted from 3.00 o'clock to 5.30.

The agenda, as I told you in a previous message, was:

- (a) The timetable
- (b) The text
- (c) Invitations to other Governments
- (d) The interpretive notes to be inserted in the records, and
- (e) The question of taking the initiative in bringing the Treaty before the Security Council.

I. Timetable and Procedure

1. Insofar as procedure is concerned, every representative except the United Kingdom Ambassador had word that it would be satisfactory to have the Treaty signed in Washington. The United Kingdom Ambassador saw no possibility that there would be any objection to this on the part of his Government.

2. In my WA-655 of March 10th,† I referred to the problem which had arisen in the timetable as a result of the delays in France in Cabinet approval of the text. No further information on this was before the meeting today. The Secretary of State said that he considered we were in a rather serious predicament as he felt sure that the text would find its way into print, thus giving rise to speculation as to its accuracy and the general necessity of sparring with press representatives. The French Ambassador regretted the delay on the Government's part. He said that he anticipates no difficulties at all and that at its meeting Wednesday next the French Cabinet will approve the text. He could not, of course, give complete assurances. He undertook to make every effort to get his Government's decision by Wednesday evening.

3. Mr. Acheson urged Mr. Bonnet to do this and said that in the circumstances the best that we could hope for would be to get French approval Wednesday in the afternoon, transmit the text to other Governments, as decided upon previously, Wednesday night, and to publish Friday morning. It was agreed that this was the most optimistic timetable that we could hope to carry out. (One of the causes of the delay in the meeting of the French Cabinet is the meeting of Brussels Pact Foreign Ministers in London on Monday and Tuesday. This meeting has been on the cards for some time and cannot now be cancelled).

4. I am sending you a separate message† on the hour of release on Friday.

II. Invitations to Other Governments and Communication of Text to Them

1. The French Ambassador suggested that the change in timetable resulting from the delay of the French Government's approval might partly be compensated for by communicating the text to other Governments earlier than had at first been envisaged. Sir Oliver Franks, however, said that his instructions in this were clear and that the United Kingdom Government did not (repeat not) want the text to be given to any other Government until the eight presently negotiating Governments had made up their minds on it. He thought that it would be particularly unfortunate if the text were to be communicated with a rider that one of the eight had not yet approved.

III. *The Question of Taking the Initiative in Bringing the Treaty Before the Security Council*

Mr. Acheson brought up the question of taking the initiative in bringing the Treaty before the Security Council. There was very little discussion on this point and every representative agreed that it would be unwise, particularly on the grounds of *qui s'excuse s'accuse*. Ends.

324.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-667

Washington, March 11, 1949

TOP SECRET

North Atlantic Treaty. Your EX-636 of March 10th.

1. At the Ambassadors' meeting this afternoon no changes were made in the text of the Treaty except those proposed by me. I said that the Canadian Cabinet had approved the text, but that we thought that certain minor textual corrections ought to be made before the Treaty was published and asked the meeting to take them up at that point. This was not very popular, but they agreed to do so. The following are the changes approved:

(a) Because of French opposition I could not secure the elimination from the first paragraph of the preamble of the words "and all Governments". Instead, it was agreed to eliminate the word "States" at the beginning, so that it now reads "the parties to this Treaty etc." That change gives consistent usage throughout and makes the parties, rather than the States, re-affirm, be determined, and so on.

(b) *Article 5*. No one else agreed that "as" was required after "considered" in line 3, and I did not press the point.

(c) *Article 6*. The three semi-colons in lines 4, 5, and 6 were changed to commas. I did not propose adding a comma after "Tropic of Cancer", since its elimination ensures that the last two phrases are read together and apply to the same area.

(d) A comma was added "affecting" in line 2.

(e) *Article 8*. The capital was removed from the word "State".

(f) *Article 9*. There was resistance to capitalizing the word "Council", so I did not press the point.

(g) *Article 11*. To my surprise, I secured reluctant consent to breaking this Article into four on the lines of your proposal, but with some minor textual changes. The last four Articles therefore now read as follows:

Article 11

This Treaty shall be ratified and its provisions carried out by the parties in accordance with their respective constitutional processes. The instruments of ratification

shall be deposited as soon as possible with the Government of the United States of America, which will notify all the other signatories of each deposit. The Treaty shall enter into force between the States which have ratified it as soon as the ratifications of the majority of the signatories, including the ratifications of Belgium, Canada, France, Luxembourg, the Netherlands, the United Kingdom and the United States, have been deposited and shall come into effect with respect to other States on the date of the deposit of their ratifications.

Article 12

After the Treaty has been in force for ten years, or at any time thereafter, the parties shall, if any of them so request, consult together for the purpose of reviewing the Treaty, having regard for the factors then affecting peace and security in the North Atlantic area, including the development of universal as well as regional arrangements under the Charter of the United Nations for the maintenance of international peace and security.

Article 13

After the Treaty has been in force for twenty years, any party may cease to be a party one year after its notice of denunciation has been given to the Government of the United States of America, which will inform the Governments of the other parties of the deposit of each notice of denunciation.

Article 14

This Treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of the United States of America. Duly certified copies thereof will be transmitted by that Government to the Governments of the other signatories.

In witness whereof, the undersigned plenipotentiaries have signed this Treaty. Done at Washington, the day of April, 1949.

2. The only other demand for a textual change was made by the Norwegians, on instructions from Oslo. They are perturbed lest Article 1 should be regarded as inconsistent with their reply of March 3rd in which they refused the Soviet proposal for a non-aggression Treaty and wanted the Article either deleted or transferred to the preamble. Everyone expressed sympathy with the situation in which the Norwegian Government was placed, both in these negotiations and because of the pressure on them from Moscow, but everyone also strongly resisted the making of such a change. I need not repeat the discussion. At the end of it, the Norwegian representative undertook to report the views to his Government.

3. The status of the approval of the text by the various Governments is as follows:

The Netherlands, Belgium, and Luxembourg have approved the Articles, but may not have approved the preamble. The French have not completed their approval, but Bonnet thinks there will be no difficulties at next Wednesday's Cabinet meeting.

The British Cabinet has approved the text, but will want to look at it again with the minor changes incorporated this week. The Norwegians have approved, except for the point made at today's meeting.

The text can therefore now be regarded as almost final, and everyone hopes that no Government will ask for any changes, except perhaps on trifling points, before the Treaty is signed. Ends.

325.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-671

Washington, March 11, 1949

TOP SECRET

North Atlantic Treaty. Reference my preceding messages.

1. The following are the principal points on which I am awaiting your instructions or would welcome your views by early next week. There will probably be an Ambassadors' meeting on Tuesday afternoon, at which all these points may arise.

(a) The application of Chapter 8 of the Charter to the Treaty.

(b) The range of hours within which you would agree to the publication of the text on March 18th.

(c) Any suggestions about procedure at the meeting before signature. April 4th is the day before the Assembly convenes. I have taken the line that we should not plan to have the Treaty signed on that day, as we may require a conference of two or three days. Several Foreign Ministers will be attending the Assembly.

(d) The importance which you attach to an agreed interpretation of Article 6. The State Department says that they are in difficulties over this and that they doubt they can consent to splitting the Aleutians. The others are awaiting instructions on my proposal.

2. In addition, of course, if you disagree with any of the recommendations which I have sent to you as a result of today's meeting, I shall require your instructions. Ends.

326.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-687

Washington, March 14, 1949

TOP SECRET

North Atlantic Treaty.

The Working Group met this afternoon and went over the English text. There were very few changes made, which I shall indicate below in the order of the articles which were affected.

Article 3. The United Kingdom proposal that the word "aggression" should be changed to read "armed attack" was put forward. Stone registered disagreement and the discussion was indecisive. The view was expressed that it might limit the field, but it was also pointed out that the real consultation article is Article 4, and it was thought that any limitation imposed by the substitution suggested in Article 3 would be covered by the words "political independence or security" in Article 4.

Article 6. Delete the capitals in the words "departments" and "islands", substituting small letters.

Article 12. For "request" substitute "requests".

Article 13. Delete the capital in the second "party" (cease to be a party) and substitute a small p.

In the agreed interpretations the following changes were suggested in the Working Group.

Paragraph 4. Delete paragraph (b) on the grounds that paragraph (a) adequately provides that an attack against Algeria must be an attack by a Foreign State to come under the Treaty. (c) then becomes paragraph (b) of No. 4.

The French representative on the Working Group reported that Paris was not happy about Interpretation 5. The inclusion of this interpretation in the minutes, as you know, is to meet the desire of the State Department to have assurances about the United Kingdom-Soviet and French-Soviet Treaties. The French objections were not strong and in all probability assurances that these treaties would not in any way interfere with the North Atlantic Treaty will be read into the minutes.

Interpretation 6 has been added to meet the French views in the following form: "6. The Council, as Article 9 specifically states, is established "to consider matters concerning the implementation of the Treaty" and is empowered "to set up such subsidiary bodies as may be necessary". This is a broad rather than specific definition of functions and is not intended to exclude the performance at appropriate levels in the organization of such planning for the implementation of Articles 3 and 5 or other functions as the parties may agree to be necessary."

The words "for the implementation of Articles 3 and 5" after the words "of such planning" have not been fully cleared in the State Department, but Hickerson anticipated no difficulty. Ends.

327.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-677

Ottawa, March 14, 1949

TOP SECRET

Your WA-626 of March 8 and your WA-658 of March 10th. † North Atlantic Treaty.

I am dividing this telegram into two parts: the first will deal with the legal aspects of the Treaty in relation to the Charter of the United Nations; the second part will deal with the political aspects of this problem.

2. My views may be summarized as follows, viz., that the political arguments in Part II over-ride the legal arguments in Part I. If, however, you are unable to obtain the acceptance of my arguments contained in Part II, then you should press for an addition to the minutes along the lines of paragraph (5) of Part I of my message.

Part I

(1) From a legal point of view, I agree in large part with the legal position taken by the United States in this matter. It would be difficult to maintain successfully, and therefore perhaps unwise to maintain at all, that the proposed treaty does not in important respects contemplate a regional arrangement within the meaning of Chapter 8 of the Charter. Article 52 (1) defines "regional arrangements and agencies" in terms which seem clearly applicable to the arrangements and agencies contemplated under the new treaty.

(2) However, I think that, by clear intendment, the governing Article of the Charter is Article 51 and that nothing in Chapter 8 or elsewhere in the Charter impairs or restricts, or could be construed as impairing or restricting, the unqualified and inherent right of individual or collective self-defence if an armed attack occurs. In other words, reading the relevant sections together, there is no real difficulty with the second sentence of Article 53 (1). The authorization of the Security Council is not repeat not required in respect of individual or collective resistance to armed attack.

(3) The second sentence of Article 53 (1) must be read in the context of the first sentence which clearly refers to the enforcement of Security Council decisions. It might therefore be maintained that the authorization of the Security Council is only necessary for the enforcement of decisions taken by that body. However, even if it is given a broader interpretation, e.g., for the enforcement of the decisions of any body (including those of the regional agency), the fact remains that no power of executive decision is given to the Council under the draft treaty, so that no problem of "enforcement" could strictly speaking, arise. In any event, as has been said, the authorization of the Security Council would not repeat not be required in respect of actions taken by the signatories to render assistance to one or more of their number in the event of an armed attack.

(4) In my view, an obligation to keep the Security Council informed arises under Article 54. Presumably, periodic reports could and should be sent to the Security Council in respect of activities under the Treaty.

(5) If we cannot avoid recording the legal position in the minutes, then I think it is of the utmost importance to emphasize that, in the view of the signatories as recorded in the minutes, Article 51 is the over-riding provision and that Chapter 8 must be read and regarded as subject to Article 51. In this event, this thought ought to be added at the end of the paragraph suggested by the United States for inclusion in the minutes. The foregoing might serve to draw together to some extent the divergences of view at Washington.

(6) In this connection, Mr. Pasvolsky,¹¹ when he was being cross examined on the United Nations Charter on July 10, 1945, before the Senate Foreign Relations Committee, spoke as follows of Article 51, "The word 'collective' relates in part to the regional arrangements that I have just described, but it relates also to any group action that may be taken for purposes of self-defence." Therefore, in our view, regional arrangements can take collective defence measures under Article 51 without any authorization from the Security Council.

Part II

(1) While I think the views expressed in Part I represent a sound legal opinion, I am not at all satisfied that, at this stage, the Governments should attempt to justify the Treaty by reference to Chapter 8 of the Charter. We have, as you know, always studiously avoided reference to Chapter 8, and reference to it at this stage by way of explanation of the Treaty would only invite critics to take the view that we were somewhat lamely attempting to justify the Treaty in the light of Chapter 8 of the Charter.

(2) Furthermore, if we base the North Atlantic Treaty in part on Chapter 8, I would expect the Russian propaganda machine to tell the people of Western Europe that the United States does not mean anything by its pledge of assistance since the pledge will become effective only after the five permanent members of the Security Council vote in favour of enforcement action. They might thus explain that the United States had deliberately rendered the Treaty meaningless. On this side of the Atlantic, Russian propagandists might well take the line that the Treaty flouted the provisions of the Charter, since the parties *ex post facto* attempted to explain that the Treaty rested on Chapter 8 and that we were now merely trying to get out of our awkward position.

(3) If the United States could be persuaded of this view, I feel that we should stick to our original views, *viz.*, that the Treaty rests squarely on Article 51 of the Charter.

3. My immediately succeeding telegram deals with your WA-676 of March 14th.†

¹¹ Leo Pasvolsky, Adjoint spécial au secrétaire d'État américain/Special Assistant to Secretary of State of United States, 1939-46.

328.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-678

Ottawa, March 14, 1949

TOP SECRET

North Atlantic Treaty. Your WA-676 from Stone to Crean.†

I would prefer to have to agree to recording the legal views outlined in my immediately preceding message, rather than change the words in Article 3 to read "armed attack." This Article is designed in our view to deal with indirect aggression, e.g., if the French Government feared a coup d'état by the Communists, they could consult and presumably seek assistance under this Article. It would be difficult to see how this Article could be so used if the words "armed attack" are used instead of "aggression". Please resist this proposal strongly in the meeting this afternoon.

329.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-695

Ottawa, March 15, 1949

TOP SECRET

North Atlantic Treaty. Your WA-687 and my EX-678 of March 14th.

While I agree that Article 4 is the main Article under which the parties would consult in the event of indirect aggression, I adhere to the view that Article 3 should cover preparations to resist both indirect aggression and direct aggression, and that therefore the word "aggression" is better than the word "armed attack." However, if all the other representatives agree that the change should be made, you can give in.

330.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 17, 1949

...

NORTH ATLANTIC PACT; PROCEDURE

7. *The Secretary of State for External Affairs*, referring to discussion at the meeting of March 10th, reported that the English and French texts of the Treaty had been accepted by all governments. Italy, Denmark, Iceland and Portugal would be invited to become original signatories. The text would be released at 11 a.m., E.S.T., on Friday, March 18th. Final arrangements for signature had not yet been made but it was expected that this would take place in Washington in the first days of April.

8. *The Prime Minister* suggested that notice of the resolution covering the North Atlantic Pact be given to the House the following day but that introduction of the resolution would have to be postponed until emergency legislation had been dealt with. This, in effect, would probably delay discussion until after March 26th or 27th.

It was further suggested that, when notice of this resolution was given to the House, a request be made that the text of the Treaty be included in Hansard as an appendix.

9. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs on the present position of the North Atlantic Treaty and approved the Prime Minister's suggestion of procedure to be followed when introducing the resolution in Parliament.

331.

DEA/283(s)

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

TOP SECRET

[Ottawa], March 19, 1949

ITALY AND THE NORTH ATLANTIC TREATY

As you know, the United States has issued an invitation to Italy on behalf of the Governments participating in the Washington discussions to be an original signatory to the North Atlantic Treaty.

It was agreed in the Washington Ambassadors' group that representatives of the countries participating might at the same time, if they saw fit, approach the Italian Foreign Office and indicate that their Government wholeheartedly welcomed Italian participation.

As Italy was inclined to the view that earlier opposition to her participation centred with Canada, the Canadian Ambassador in Italy was instructed on March 17 to approach the Foreign Office, stating that Canada associated itself enthusiastically with the other countries in the invitation extended to Italy. On March 18 this message was conveyed to the Italian Foreign Office by Mr. Desy.¹²

E[SCOTT] R[EID]

332.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-797

Washington, March 21, 1949

TOP SECRET

North Atlantic Treaty

The State Department informed us today that the Portuguese have asked if they can have changes made in the text of the Treaty. Specifically, they want to change the duration from a minimum of twenty years to a minimum of ten. To avoid having to call a meeting of the Working Group, the State Department asked each Mission of the negotiating countries verbally to find out the answers to three questions on which the Portuguese want information:

- (1) Would we object to the proposal to alter the term of the duration?
 - (2) Would we object if Portugal signed the Treaty with a reservation that its participation was for ten years instead of twenty?
 - (3) Would we consent to allow Portugal to adhere to the Treaty at a later date with the same reservation as in (2)?
2. The majority and probably all will unquestionably answer No. 1 in the negative. The objection to the second course is that it might start the Senate off on a series of reservations of its own. There is no indication of feeling on the third, but of course it would probably be best now to try to jockey Portugal into being an original signatory without reservations.
3. Would you please let me have your answers by Wednesday if possible.

¹² Note marginale:/Marginal note:
Good LB P[earson]

333.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-774

Ottawa, March 22, 1949

TOP SECRET

Your WA-797 of March 21st. North Atlantic Treaty, changes in the text desired by the Portuguese:

- (1) We would object strongly to the proposal to alter the term of duration.
- (2) We would object to Portugal signing the Treaty with the reservation that it would participate for only ten years.
- (3) We would object to permitting Portugal to adhere to the Treaty at a later date with the same reservation as in (2).

I do not see how we can accept reservations from any of the non-participating powers which have been asked to join, as this would only tend to water down the value of the Treaty as a whole.

334.

H.H.W./Vol. 6

*Le sous-secrétaire d'État adjoint aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Deputy Under-Secretary of State for External Affairs
to Ambassador in United States*

CONFIDENTIAL

Ottawa, March 23, 1949

Dear Mr. Wrong,

I enclose ten copies of a memorandum dated March 23 entitled "Proposals by the Canadian Government for the revision of the March 18 Draft of the North Atlantic Treaty".

I should be grateful if you would immediately present a copy of this memorandum to the State Department and to the representatives in Washington of Belgium, France, Luxembourg, The Netherlands, the United Kingdom and Norway. At your discretion, you may also give copies to the representatives in Washington of the other countries who have been invited to sign the Treaty—Denmark, Iceland and Portugal.

In transmitting the memorandum it might be useful if you were to emphasize that the purpose of all the proposals is to improve the drafting of the Treaty and not to change its substance in any way; we consider it important that, in view of the historic character of the Treaty, it should be as well drafted as possible in both French and English.

We have telegraphed the text of the memorandum to Canada House for transmission through Canada House to our Missions in the countries concerned so that they may present the memorandum direct to the governments.

Yours sincerely,
ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures
Memorandum by Department of External Affairs

SECRET

[Ottawa], March 23, 1949

PROPOSALS BY THE CANADIAN GOVERNMENT FOR THE REVISION
OF THE MARCH 18TH DRAFT OF THE NORTH ATLANTIC TREATY

Part I

Drafting Changes in the English Text

Preamble

(1) In the second paragraph, the comma after the word "peoples" should be deleted as the word "founded" refers to "freedom, common heritage, etc."

(2) The phrase "in the North Atlantic area" in paragraph 3 should be deleted. No reference is made to the North Atlantic area in Article 2, where reference is made to "stability and well-being." In addition, it is felt that the Preamble should contain no limiting phrase of this kind.

(3) A full stop should be substituted for the colon at the end of the last paragraph of the Preamble.

(4) It is not altogether consistent to write the preamble in modern sentence form and at the same time to make each sentence a separate paragraph. It is suggested that the first four sentences should appear as one paragraph. This would improve the appearance of the Treaty.

Article 2

Substitute the words "foster the" for "contribute toward the further" in the first line of Article 2, the opening sentence then to read, "The Parties will foster the development...." It is felt that this would be an improvement over the present clumsy wording.

Article 5

(1) It is suggested that the semi-colon should be deleted after the word "all" in the opening clause.

(2) The words "in exercise of" in the clause "in exercise of the right of individual or collective self-defence" is bad English. It is suggested that it should either follow the Rio formula, which would read "in the exercise of" or better still, should have the word "exercising" substitute for the phrase.

Article 9

Delete the word "hereby" after "Parties". The word adds nothing to the meaning of the text and there is no more need for it in this Article than in any other.

Article 10

In the last sentence, substitute the words "That Government" for "The Government of the United States of America." There would seem to be no need to repeat the latter phrase in the context.

Article 11

In the second sentence, add the words "of America" after "the United States." In the present text, this is the only reference to the United States without the full and correct title.

Article 12

Substitute "in the light of" for "having regard for." This is what is actually meant by the phrase "having regard for the factors," and would be an improvement on the present text.

Article 14

Substitute in the opening line, "The original of the Treaty" for "This Treaty."

*Part II**Drafting Changes in the French Text**Preamble*

The proposal to delete "in the North Atlantic area" from the English version would, of course, require the omission from the French version of "dans la région de l'Atlantique-Nord." In addition there would seem to be no good reason why the French version of the preamble should not be written in the same simple form as the English version and why all but the last sentence should not be printed as one paragraph. It is therefore suggested that the French text of the preamble should read as follows:

"Les Parties à ce Traité réaffirment leur foi dans les buts et les principes de la Charte des Nations Unies et leur désir de vivre en paix avec tous les peuples et tous les gouvernements. Elles sont déterminées à sauvegarder la liberté de leurs peuples, leur héritage commun et leur civilisation, fondés sur les principes de la démocratie, les libertés individuelles et le règne du droit. Elles sont soucieuses de favoriser la stabilité et le bien-être. Elles sont résolues à unir leurs efforts pour leur défense collective et pour le maintien de la paix et de la sécurité. En conséquence, elles se sont mises d'accord sur ce Traité de l'Atlantique-Nord".

Article 2

- (1) In the first line, change "contribueront au" for "favoriseront le...".
- (2) Change "sur lesquels ces institutions sont fondées et en développant les..." to "...qui sont à la base de ces institutions et en réalisant des..."

Article 3

This article should read as follows:

"Afin d'atteindre d'une façon plus efficace les objectifs de ce Traité, les Parties, agissant séparément et conjointement, d'une manière continue et effective, par leurs propres moyens et en se prêtant mutuellement assistance, maintiendront et..."
The rest of the sentence stays as it is.

("Séparément" and not "individuellement" is used in Article 56 of the Charter of the United Nations as the French equivalent of "separately.")

Article 5

(1) At the end of the first paragraph change "rétablir et assurer" to "rétablir et maintenir" as at the end of the second paragraph. "Maintenir" is the word used in the Charter.

(2) In the first line of the second paragraph, "toute mesure prise" should be plural, as in the next sentence we have "Ces mesures..."

Article 6

(1) "For the purpose of Article 5", should be translated by "Au sens de l'article 5," with a small "a" in "article".

(2) Delete the word "quelconque" in the middle of the Article before "des Parties."

Article 7

Substitute "Ce Traité", for "Le présent Traité" at the beginning of the Article.

Article 8

(1) Change "du présent Traité" to "de ce Traité."

(2) Insert "à" before "aucun engagement".

Article 9

(1) The first sentence should read as follows:

"Les Parties établissent un conseil, où chacune d'elles sera représentée, afin de connaître des questions relatives à la mise en application de ce Traité".

(2) The end of the last sentence should read: "...pour la mise en application des articles 3 et 5" instead of "pour l'application des Articles 3 et 5".

Article 10

Delete the word "présent" before "Traité".

Article 11

(1) In the third sentence, change "l'ont ratifié", to "l'auront ratifié", and insert "d'Amérique" after "Etats-Unis".

(2) In the third sentence, "Pays Bas" and "Royaume Uni" should be hyphenated.

Article 12

This article should read as follows:

"Après que le Traité aura été en vigueur pendant dix ans, ou à toute date ultérieure, les Parties, à la demande de l'une d'elles, se consulteront en vue de sa révision, en prenant en considération les facteurs influant à ce moment sur la paix et la sécurité dans la région de l'Atlantique-Nord, y compris le développement des accords tant universels que régionaux conclus..." and the rest of the sentence stays as it is.

(The English word "arrangements" should be translated by "accords", as in Article 52 of the Charter of the United Nations).

Article 13

Substitute "...pourra y mettre fin, en ce qui la concerne, un an après..." for "...pourra mettre fin au Traité, en ce qui la concerne, un an après..."

Article 14

The beginning of the sentence should read: "L'original de ce Traité," instead of "Ce Traité,".

Part III

1. It is generally recognized that the North Atlantic Treaty is providing a constitutional foundation for a North Atlantic community which already exists. Thus in his broadcast address of March 18, Mr. Acheson said:

"It is important to keep in mind that the really successful national and international institutions are those that recognize and express underlying realities. *The North Atlantic community* of nations is such a reality. It is based on the affinity and natural identity of interests of the North Atlantic Powers. The North Atlantic Treaty which will formally unite them is the product of at least three hundred and fifty years of history, perhaps more...North America and Western Europe have formed the two halves of what is in reality *one community*, and have maintained an abiding interest in each other."

Similarly the sub-heading of the United States White Paper on the North Atlantic Treaty is "Collective defence and preservation of peace, security and freedom *in the North Atlantic Community*."

2. Though, when explaining the treaty, it is necessary to use the term "North Atlantic Community," this term does not appear in the Treaty. This seems unfortunate and could easily be remedied by beginning the preamble with the words "The nations of the North Atlantic Community, Parties to this treaty, reaffirm" etc. In French, this would be: "Les nations de la communauté de l'Atlantique-Nord, Parties de ce Traité, réaffirment..."

3. Similarly, in explaining the Treaty, it is necessary to give some short name to the Council established by Article 9, and it is obvious that the Council will in practice be called the "North Atlantic Council." It is therefore suggested that Article 9 be revised by substituting "a North Atlantic Council" or, in French, "conseil de l'Atlantique-Nord" for "a council."

335.

H.H.W./Vol. 6

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-834

Washington, March 24, 1949

TOP SECRET AND PERSONAL

Most Immediate. Following for Heeney from Wrong. Begins:

1. I have just received by bag a letter from Reid enclosing a five-page memorandum of which he asks me to distribute copies to the State Department and the representatives of the countries which are expected to sign the North Atlantic Treaty. This memorandum proposes over thirty minor changes in the English and French texts. I have suggested several of these changes at meetings of the Ambassadors' Group and they have not been accepted by the others. I have furthermore stated, on instructions from Ottawa, that the Treaty, or at any rate its English text, was acceptable to the Canadian Government. I also think personally that some of the changes are not improvements.

2. I am most unwilling to attempt at this ultimate stage of the negotiations to put forward plans for further alterations in the text. I greatly doubt that the other parties to the negotiation will be prepared even to consider Reid's suggestions, and if we press for them they will only create an unpleasant atmosphere without producing results. I shall not do what Reid asks unless I hear directly that this is being done on Mr. Pearson's instructions.

3. I am marking this message most immediate because Reid's letter says that the text of the memorandum has been telegraphed to Canada House for transmission to Canadian missions in the countries concerned so that they may present it to the other governments. I urge that these instructions be countermanded. Ends.

336.

H.H.W./Vol. 6

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-856

Washington, March 25, 1949

TOP SECRET AND PERSONAL

Immediate. Following for Heeney from Wrong. Begins:

1. I have not yet received a reply to my WA-834 of March 24th about Reid's suggested amendments to the North Atlantic Treaty. I have gone through them carefully again today and I recommend most strongly that they should all be

dropped. There is a unanimous desire among the negotiators here to make no changes whatever in the published text. The possibility of change between publication and signature was left open only in case comment on the text should reveal important flaws which had previously escaped notice.

2. Reid's changes, trivial though they may be, would open up for discussion the preamble and nearly every article. It now looks as though all four of the countries invited to sign last week would accept the invitation. We should have to ask them to agree to any alterations in the text officially given them on March 17th, and this would certainly invite from them further suggestions for amendment.

3. Acheson also would not agree to some of the suggestions without consulting the Senate Committee. These would probably include the suggestions respecting Articles 2 and 12 and certainly those proposed in Part 3 of Reid's memorandum. He would flatly refuse to do this. Indeed, I am sure that the only result of pushing these proposals would be to create fruitless irritation and to put us in a very awkward position.

4. Will you please let me know what action has been taken on my WA-834, and particularly whether the distribution of the memorandum to the European Governments was prevented? Ends.

337.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-801

Ottawa, March 25, 1949

Following for Wrong from Heeney, begins: Your WA-834 of March 24 and WA-856 of March 25. Canadian proposals for revision of the March 18 draft of the North Atlantic Treaty.

1. Reid's letter of March 23 was sent on the Minister's instructions. I discussed the matter with Mr. Pearson this morning and he has asked me to tell you that he fully intended that the drafting revisions contained in the letter of March 23 should be put before the other governments at once. On further consideration, however, he has decided to drop Part III of the memorandum. It is his desire that you should present a copy of the memorandum immediately (omitting Part III) to the State Department and to the representatives in Washington of Belgium, France, Luxembourg, the Netherlands, Norway and the United Kingdom though not, repeat not, to the four countries which did not participate in the discussions—Denmark, Iceland, Italy and Portugal. The Minister feels that, apart from the proposals in Part III, all of the suggestions in the memorandum are for textual improvements which could reasonably be put forward and appropriately be dealt with at this time.

2. We have in fact already arranged though our representatives abroad to transmit the text of the memorandum to the Foreign Offices of Belgium, France, the Netherlands, Norway and the United Kingdom.

3. It is certainly not our desire or intention to embarrass Acheson in any way but we find it difficult to understand how any of the suggestions in Part I and Part II could do so. Nor indeed are these proposals which we intend to "push" in any way.

4. The Minister's intention is that you should do no more than circulate the memorandum as suggestions for improvements in the final draft. If the United States and other governments are unwilling to accept all or any of our suggestions we certainly have no intention of making an issue of any of these points.

5. It might be suggested that a deadline for the receipt of suggestions for changes in the text be now agreed, perhaps Wednesday the 30th.

6. A further study of our proposals in Parts I and II may well result in their proving acceptable to all. Of the dozen or so suggestions for changes in the English text, four improve the punctuation, one corrects the inconsistency of referring once in the Treaty to the United States without "of America" afterwards, one removes a grammatical error, one removes a bit of jargon, and another removes an inconsistency between the preamble and Article 2. Surely Mr. Acheson was not serious when he said that things like this had to be cleared with the Senate Committee.

7. Similarly, of the suggestions for changes in the French text, three correct errors where the Charter language was departed from, three remove the legal jargon of "présent" before "Treaty", one corrects the error of omitting "d'Amérique" after "États-Unis", and the others were suggested by Mayrand and [Marcel] Blais so that the French text would not give so strong an impression as it does now of being a translation from an English text. Ends

338.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-805

Ottawa, March 26, 1949

CONFIDENTIAL

Following for Wrong from Heeney, begins: Re EX-801 of March 25.

1. I have spoken again to the Minister since our telephone conversation this morning and have described your misgivings concerning suggestions for further drafting revisions.

2. Mr. Pearson continues to feel, however, that the suggestions contained in Parts I and II of our memorandum are not only reasonable but that they are such as can appropriately be considered between now and the assembling of the Washington meetings.

3. I told Mr. Pearson that, despite your misgivings, you were delivering the memorandum to U.S. authorities in accordance with your instructions. We shall now await the reactions of the various governments. Ends.

339.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-847

Washington, March 25, 1949

TOP SECRET

You will I think be interested to know (as indeed you have probably already gathered) that I have yet to see any public statement in the United States about the Atlantic Pact from which has been omitted reference to Article 2. Indeed, as we anticipated, Article 2 is being used constantly as one of the principal pillars supporting the view that the Treaty is not a military alliance of the old kind and that it is designed to encourage activities on the part of its signatories which lead away from and not towards war. Senators Vandenberg and Connally have both made emphatic references to Article 2, as has the Secretary of State, and I notice from the text of a radio broadcast (sent to you under cover of our despatch No. 718 of March 24th)† in which Jessup, Rusk, Dulles and Harkneys took part there are important references to it. I would refer you particularly to the bottom of page 7 of this text.

2. Without Article 2, or with an Article 2 in the meaningless form which we struggled against, there certainly would have been a serious link missing from the chain of arguments now being used in the United States to justify the Treaty.

340.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-828

Ottawa, March 28, 1949

CONFIDENTIAL

Following for Wrong from Pearson, begins:

1. North Atlantic Treaty. Cabinet has today approved of the issuance of Full Powers to the two of us to sign the North Atlantic Treaty.

2. My colleagues in Cabinet have asked me, when informing you of this decision, to let you know how greatly they appreciate the work that you have done in representing Canada in the negotiations for the Treaty. They know how difficult these long negotiations have been and they realize how great the contribution is that you have made to their success.

3. May I add a personal and very sincere note of thanks and appreciation to you for the magnificent work that you have done. Without your skillful and experienced

help we would certainly not have had as satisfactory a Treaty as that which you will be signing for Canada. I am very happy that my name will be associated with yours in that signature. It marks another stage in our joint progress from the days when we used to put our initials, together, on 1st year Passpapers at U[niversity] of T[oronto].

341.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-882

Washington, March 29, 1949

TOP SECRET

Following for Heeney from Wrong, Begins: Your EX-801 of March 25th and EX-805 of March 26th, proposed amendments to North Atlantic Treaty.

1. We distributed Reid's memorandum, less Part III, yesterday morning to the State Department and the Missions of the other negotiating Governments. A meeting of the Working Group was convened yesterday afternoon to consider our suggestions. Stone and Rogers, our regular representatives, attended it and a detailed report of the discussion is contained in my immediately following message.

2. I regret to say that the result justified the concern which I expressed to you in my messages WA-834 of March 24th and WA-856 of March 25th. The atmosphere was extremely chilly and there was opposition on the part of all the rest to the adoption at this late time of any of the changes which we proposed. Some of the changes might have been acceptable if they had been put forward before the publication of the text, but you will see from my following message that the more important suggestions were opposed on grounds additional to the lateness of the hour.

3. I hope that this episode will not diminish our influence in the discussions still to come about the application of the Treaty.

4. I have classified this message Top Secret because my following message refers to earlier discussions bearing that classification. Ends.

342.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-883

Washington, March 29, 1949

TOP SECRET

North Atlantic Treaty.

The amendments contained in Parts I and II of the departmental memorandum dated 23rd March were considered at a special meeting of the Working Group which sat until after 6 p.m. yesterday afternoon. The discussion of the amendments began seriatim, but was interrupted before the preamble had been finished in order to consider the general principle of amending the Treaty at this time. Discussion of the individual amendments was then resumed.

2. The argument on the principle of amendment at this stage may be summarized as follows:

(a) It was thought that to make changes in the text now would hold out an inducement to the Portuguese and others to try to get other amendments made. Their amendments might be substantive. It was the consensus that nothing should be done to encourage suggestions for amendment from countries such as Portugal.

(b) It was recognized that the text published on 18th March was not unchangeable. At the same time, it had been the understanding before publication that a change would have to be "overwhelmingly good" to be worthy of acceptance after publication.

(c) The United Kingdom representatives felt that, if the Canadian proposals were accepted, the United Kingdom Government would feel free to suggest any changes it desired. It had previously refrained from making suggestions for changes for the reasons given in (a) and (b).

(d) The Danes have informed the Department of State that their Parliament has authorized not only signature, but ratification, of the Treaty in its present form. The process in Denmark is apparently such that the two steps are not separated. The Danes, in passing this information to the Department of State, said that they "earnestly hoped" no changes would be made before signature, and that any changes now would be "very embarrassing".

(e) The Norwegian Parliament is to take up the Treaty to-day. Its legislative procedure is somewhat similar to that of Denmark, and, if the debate ends favourably, as it is hoped it will, the Parliament will authorize both signature and ratification. Any changes made now would interfere with this process.

(f) Arrangements have been made in Belgium for the process of ratification to begin on 5th April. A change now would delay that process.

(g) While they were not urging this as a substantive reason for avoiding alterations if possible, the United States group said that the process of engrossing the

Treaty in book-form was now almost complete. A change in any article would require that the work be begun again from the beginning.

3. It was agreed that, notwithstanding all these general arguments against amendment (and Stone argued the need to have so historic a document in as exact a form as possible), it was proper to review the proposed changes one by one and to see if any of them was so "overwhelmingly good" as to justify amending the text, starting the engrossing over again, and referring the changes back to Governments. I give below a summary of the sense of the meeting on each amendment:

Part I

Preamble (1). The omission of this comma had been debated earlier. One meeting spent as long as thirty minutes on it. Its inclusion or exclusion was considered to be a matter of opinion, and it was decided not to reverse the earlier decision. The amendment was therefore not accepted.

Preamble (2). This amendment was taken to be a matter of substance, rather than a drafting change. The sense of Article 2 is that "stability and well-being" are to be encouraged among any or all of the parties by the means set forth in the second sentence. The omission of the phrase "in the North Atlantic area" in the preamble would give the impression that stability and well-being were to be encouraged all over the world. The United States group could not accept such a change without reference to the Senate Committee on Foreign Relations. The other groups were not in favour of the change, which was not accepted.

Preamble (3). This amendment was considered to be a matter of opinion. The Working Group did not feel that it could alter its previous decision in favour of a colon.

Preamble (4). All the other representatives preferred to have the sentences remain in separate paragraphs. They therefore rejected the amendment.

Article 2. The United States group would have to consult the Senate Foreign Relations Committee to make a change of this sort. The other members of the Working Group preferred the existing wording, and the change was not accepted. Article 5(1). Earlier the Working Group debated the change now suggested. The semicolon was left in as it was felt there should be a break in the sentence at this point. If the Article had to be done over again, a period would be used. No change was made because it was considered that Article 5 should not be touched for political reasons.

Article 5(2). The insertion of "the" was debated some months ago. The last sentence of the preceding note applies here also; the change would have to be referred to the Foreign Relations Committee.

Article 9. The omission of "hereby" touched off a diversity of argument which showed that only the present wording would do. Some agreed that its omission would be good, but thought that the change was not necessary. Others thought a legal argument could be brought to show that the word was necessary. The French said that this Article was of so much concern that any change would have to be referred to Paris; Mr. Schuman sails to-day.

Article 10. The consensus was that, if the Treaty had to be changed for some more substantial point, this change should be made. It was considered that it was not worthwhile to re-engross the whole Treaty for this one change.

Article 11. "Of America" was deliberately omitted because all the countries in this list are shown by their informal names. If the change were made, the United Kingdom would want "United Kingdom of Great Britain and Northern Ireland", etc. This would make the sentence too clumsy. The United States group preferred to leave the two words out.

Article 12. The words "having regard for" are Mr. Acheson's own, and while this does not make them sacrosanct, it does make the United States group unwilling to rush to change them. There was general agreement that "in the light of" did not mean the same as "having regard for". If a change was to be made, the group would have preferred "taking into account", but did not consider the change worthwhile.

Article 14. The group did not agree with this. The Treaty is the document which will be signed and deposited in the Archives. All the rest are mere copies. The Treaty is therefore literally being deposited.

Part II

Preamble. The French group said that Paris insists on principles because they are regular Treaty form. The use of sentences would be unusual and cause comment. Also, the omission of "etats" would lead to feminine participles, which do not sound right.

Article 2(1). The present wording was considered by the Drafting Committee's Translation Sub-Committee to be an accurate translation of the corresponding English wording. The Working Group did not agree to change the translation.

Article 2. (2). The French group did not agree with the suggested change. Part of the new wording suggested was considered to show signs of Anglicization of French. The rest of the Working Group supported the French-speaking groups.

Article 3. The Working Group preferred the retention of the phrase "d'assurer la realisation des buts" to "d'atteindre les objectifs". "Buts" occurs several times in the Treaty in this sense. "Atteindre" was considered to be a weaker verb than "assurer". In addition, it was pointed out that it is not possible to "atteindre" something by degrees (i.e., "de facon plus efficace"); you reach it or you don't. The use of "separement" was considered earlier, but was rejected because it was considered to call for completely disjunctive action, whereas "individuellement" was thought to allow for co-operative action. The fact that "separement" was used in the Charter was not considered to be relevant in this case.

Article 5 (1). It was the opinion of the French legal advisers that "assurer" was a better translation of "maintain" than "maintenir", which is a weak word. The United States translation staff agreed on this.

Article 5 (2). "Toute" was preferred to the plural because it means "every", and was therefore stronger in sense. It was not considered that there was any confusion with the following phrase, "ces mesures".

Article 6 (1). The group did not agree with the change suggested. "Pour l'application" is the standard Treaty translation of "for the purpose of".

Article 6 (2). The word "quelconque" was held to be an exact translation of "any".

Article 7. It was agreed a long time ago that the use of "present" in the French translation would be quite acceptable because "ce traite" sounds clumsy in certain contexts.

This decision could not be changed.

Article 8 (1). See Article 7.

Article 8 (2). The French group pointed out that, according to Larousse, "souscrire a" means to be in favour of something; "souscrire" alone means to sign. We have checked this with our Larousse and find it correct.

Article 9 (1). The French and Belgian groups reported that the use of "ou" in this sense was correct until 1560. Thereafter "auquel" became usual, and the French and Belgian groups would prefer to keep to the current usage. Article 9 (2). It was held that "pour la mise en application" would mean "for the organization of implementation" rather than "for the implementation".

Article 10. See Article 7.

Article 11 (1). This matter was discussed at some length in the Translation Subcommittee, which came to the conclusion that it was a matter of preference. As "l'ont ratifié" seemed to imply more complete action, it was preferred. The Working Group would not reverse this decision.

Article 11 (2). This change has already been made. See my WA-808 of 22nd March.†

Article 12. If it were worthwhile to rewrite the Treaty for that purpose, the French Group would have been willing to change the position of "a la demande de l'une d'elles." They would not accept "sa revision", which would seem to imply the revision of one of the parties. "Influent" was considered to be less correct than "affectant". "Accords" was considered to be a poor translation of "arrangements" in spite of the Charter.

Article 13. The group could not see sufficient merit in this change. It was incidentally pointed out that the existing wording, both English and French, was taken largely from the Brussels Treaty.

Article 14. See corresponding article in the English text.

343.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-890

Washington, March 29, 1949

TOP SECRET

North Atlantic Treaty.

2. In several earlier messages I referred to the agreed interpretations of the meaning of certain parts of the North Atlantic Treaty. The last reference to this is in paragraph 5 of my WA-822 of 23rd March.† Since then it has been found so difficult to draft an agreed interpretation on the type of attack that will bring the Treaty into force that the idea of including one has been dropped. The United States group are satisfied to abandon the idea in order to achieve agreement. The new interpretation of the area to cover shipping in the Mediterranean has, however, been included as paragraph (b) of interpretation No. 4. The interpretations will be recorded in the minutes of the eighteenth meeting of Ambassadors. The interpretations, together with the introductory paragraph preceding them in the minutes, are included in my immediately following teletype. These interpretations are, of course, Top Secret and are intended to remain so.

344.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-891

Washington, March 29, 1949

TOP SECRET

My immediately preceding teletype. North Atlantic Treaty.

2. The agreed interpretations, together with the introductory paragraph, are as follows.

"During the exploratory talks which resulted in the draft Treaty, agreement was reached on the meaning of certain phrases and articles. These agreements were not formal, but constituted the understanding of the representatives participating in the discussions as to the interpretation to those phrases and articles. The Committee reviewed those points of agreed interpretation, and instructed the Secretary to make note of them as follows:

- (1) The participation of Italy in the North Atlantic Treaty has no effect upon the provisions of the Italian Peace Treaty.
- (2) 'Mutual aid' under Article 3 means the contribution by each party, consistent with its geographic location and resources and with due regard to the requirements of economic recovery, of such mutual aid as it can reasonably be expected to contribute in the form in which it can most effectively furnish it, e.g., facilities, manpower, productive capacity or military equipment.
- (3) Article 4 is applicable in the event of a threat in any part of the world, to the security of any of the parties, including a threat to the security of their overseas territories.
- (4) (a) For the purposes of Article 6 the British and American forces in the Free Territory of Trieste are understood to be occupation forces.

(4) (b) The words 'North Atlantic area north of the Tropic of Cancer' in Article 6 mean the general area of the North Atlantic Ocean north of that line, including adjacent sea and air spaces between the territories covered by that article.

(5) With reference to Article 8, it is understood that no previous international engagements to which any of the participating States are parties would in any way interfere with the carrying out of their obligations under this Treaty.

(6) The Council, as Article 9 specifically states, is established 'to consider matters concerning the implementation of the Treaty' and is empowered 'to set up such subsidiary bodies as may be necessary'. This is a broad rather than specific definition of functions and is not intended to exclude the performance at appropriate levels in the organization of such planning for the implementation of Articles 3 and 5 or other functions as the parties may agree to be necessary.

(7) It is the common understanding that the primary purpose of this Treaty is to provide for the collective self-defense of the parties, as countries having common interests in the North Atlantic area, while reaffirming their existing obligations for the maintenance of peace and the settlement of disputes between them.

It is further understood that the parties will, in their public statements, stress this primary purpose, recognized and preserved by Article 51, rather than any specific connection with Chapter VIII or other articles of the United Nations Charter." Ends.

345.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-893

Washington, March 29, 1949

CONFIDENTIAL

Following for Pearson from Wrong, Begins: North Atlantic Treaty. Your EX-828 of March 28th.

I have shared your message of appreciation with Stone and Rogers, who have worked long and well with me throughout the negotiations. I shall be very pleased to be a co-signatory with you of the Treaty, to the successful conclusion and public acceptance of which you and the Prime Minister have made a contribution which extended far beyond the boundaries of Canada. I expect that we have still in front of us some prolonged and difficult negotiations before the Treaty is brought into full operation, but the first great stage has been accomplished and the partners in the Treaty will soon be committed to undertake the succeeding stages.

2. I appreciate your message greatly and sincerely thank you for it. We have been associated with each other in many and varied activities for over 25 years, and, if I may say so without trespassing on the field of party politics, I hope that our association will continue until we retire from public service. Ends.

346.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-861

Washington, March 30, 1949

RESTRICTED

Following for Wrong from Pearson. Begins: Reference your telegram no. 893.

I should, of course, have included Stone and Rogers in any message from this Department expressing appreciation of the fine work done by the Embassy in connection with the drafting of the North Atlantic Treaty. They will both, I am sure, realize that the omission was accidental. I think that Rogers is especially to be commended because I can appreciate the terrific handicap under which he was working in trying to keep his mind on the North Atlantic Pact and away from the more important Wrong Pact,¹³ which he was proposing to negotiate himself.

As for Stone, I assume that he will crown his fine contribution by translating the English text into Swedish. Ends.

347.

DEA/283(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM WA-866

Washington, March 30, 1949

TOP SECRET

Your WA-882 and 883 of March 29th. North Atlantic Treaty. Following from Pearson:

It is perhaps unfortunate that a meeting of the Working Group considered our suggestions before the Governments had an opportunity of sending instructions to their representatives. We have been informed that the United Kingdom was prepared to accept them provided none of the other Governments objected. Similarly, I was informed on March 29th that The Netherlands Government orally accepted our suggested amendments of the English text.

As Heaney explained to you in his EX-801 of March 25, I am not anxious to push our proposals if there are going to be real difficulties. If, therefore, views of the representatives in Washington are not modified by instructions from their respective Governments, you should withdraw our proposals. In doing so you

¹³ R.L. Rogers épousa June Wrong, la fille de l'ambassadeur.

R.L. Rogers married June Wrong, the Ambassador's daughter.

should explain that I was merely anxious to produce as good a draft as possible in view of the importance and the historic nature of the Treaty.

348.

DEA/283(s)

*Décret**Order in Council*

P.C. 1568

[Ottawa], March 31, 1949

The Committee of the Privy Council have had before them a report dated 30th March, 1949, from the Secretary of State for External Affairs, submitting:

1. That representatives of the Canadian Government have been participating since last July in negotiations looking towards the preparation of a treaty for collective self-defence within the framework of the Charter of the United Nations;

2. That as a result of these negotiations a draft treaty for collective self-defence within the framework of the Charter of the United Nations was adopted, copy of which is annexed;†

3. That a Conference will be held early in April in Washington, D.C. (U.S.A.) for the purpose of completing the said draft treaty among the following states of the North Atlantic area—Belgium, Canada, France, Luxembourg, The Netherlands, Norway, the United Kingdom and the United States and such other states as might by agreement become parties;

4. That the participation of Canada at the said Conference and the conclusion on behalf of Canada of a treaty for collective self-defence based on the annexed draft was approved by Resolution of the House of Commons on March 28, 1949, and of the Senate on March [31], 1949.

5. That it is expedient to make provision for the signature of the said treaty on behalf of Canada.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that the Secretary of State for External Affairs and the Canadian Ambassador to the United States of America, or either of them, be authorized to sign in respect of Canada a treaty for collective self-defence along the lines of the annexed draft.¹⁴

¹⁴ Le texte définitif est cité dans: Canada, *Serie des traités*, 1949, No. 7.
For the final text, see Canada, *Treaty Series*, 1949, No. 7.

2^e PARTIE/PART 2LA MISE EN ŒUVRE DU TRAITÉ DE L'ATLANTIQUE NORD
IMPLEMENTATION OF THE NORTH ATLANTIC TREATY

349.

DEA/50030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures**Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], April 1, 1949

RE: DEFENCE ORGANIZATION UNDER NORTH ATLANTIC TREATY

1. A short time ago Brigadier Clark, the Canadian Observer on the Western Union Chiefs of Staff Committee, submitted two tentative schemes for the defence organization to be set up under the Atlantic Treaty; one had been prepared by U.K. military authorities and the other by U.S. officers.

2. The U.K. scheme envisaged an Atlantic Chiefs of Staff Committee with the United States in the chair, Western Union represented by France, the "Maritime States" by the United Kingdom, Scandinavia by a representative to be selected and North America by Canada. Regional defence committees would be established for Western Union, the Maritime States, Scandinavia and North America. The chain of responsibility was not made very clear and the P.J.B.D. was included as the regional organization for North America. (Attached is a chart showing the U.K. proposals).†

The U.S. scheme, so far as I can gather, was an emergency plan. It envisaged the Combined Chiefs of Staff as the effective planning body for the new Atlantic group.

3. Since we received these preliminary views, General Foulkes has prepared a paper of his own which he has submitted (on a purely personal basis) to General Gruenther (United States) and General Hollis (United Kingdom). Foulkes' scheme involves regional planning groups and what he calls "a strategic reserve group" which would consist solely of the United States, the United Kingdom and Canada. The strategic reserve group would, in effect, be the new Combined Chiefs of Staff designed, primarily, as an acceptable and efficient planning body. It would supersede the old Combined Chiefs of Staff, while maintaining major U.S. and U.K. interests. (I attach a copy of Foulkes' memorandum, dated March 7th).

Hollis is not altogether unfavourable to Foulkes' proposals; he accepts the principle of regional grouping but criticizes the C.G.S.'s scheme principally on the ground that it gives the impression of holding back North Atlantic resources from effective defence planning for Western Europe.

4. Foulkes' proposals have been discussed in a preliminary way with Mr. Claxton and with Robertson and me. Mr. Claxton is aware that Foulkes has put them informally before the U.K. and U.S. staffs.

5. It is, as you know, proposed that, after the signing of the Treaty on Monday, the participating countries should establish a working group in Washington to prepare proposals for organization under the Council. No doubt defence organization will be considered by this working group. I am not at all clear as to the precise type of organization which would best serve Canadian interests but in the following paragraphs I attempt to set out some of the considerations which our representatives should have in mind.

(Incidentally, Foulkes tells me this morning, on his return from Washington, that the U.S. military authorities have reached no conclusion in their own preliminary thinking on this question. It will clearly be some months before any new organization can be agreed on—meantime, the Western Union organs will presumably carry on with U.S. and Canadian observers).

6. It would clearly be inappropriate and unwise for us to take a leading part in putting forward proposals for the form that defence organization might take under the Atlantic Treaty. It could indeed prove very embarrassing if we were to insist on any given scheme for our own representation and then find that we seriously disagreed with the criteria proposed by other countries for apportioning the burden in men, money or supplies.

7. It may be found necessary or advisable to establish an Atlantic Chiefs of Staff Committee but the decision to do so involves at least two serious difficulties:

(a) presumably, there could be no less than six members of the Chiefs of Staff Committee; participation by some of the states whose representatives would attend would involve security problems;

(b) the United States in particular, and possibly the United Kingdom as well, would not be prepared, at this stage, to have overall plans made by an Atlantic Chiefs of Staff group.

There is some indication that the Americans might prefer not to set up an Atlantic Chiefs of Staff Committee now but to employ an expanded Western Union organization to do the planning for defence in Europe. This it is felt would avoid the danger of U.S. and Canadian resources being planned on a joint basis by representatives of all the parties to the Atlantic Treaty.

8. If an Atlantic Chiefs of Staff Committee is created, I believe that Canada should be a member. If we are not, we will be presented with settled joint plans which we will have had no opportunity of discussing in committee. The Canadian Government will naturally insist on determining the nature and extent of our contributions to North Atlantic defence. We would be in a better position to argue our case as members of the Chiefs of Staff Committee when plans are being formulated than, as "outsiders", to turn down or modify the recommendations of a committee upon which we were not represented.

9. You may have to discuss this whole matter with Mr. Bevin and Mr. Acheson in Washington. The Foreign Office and the State Department will have a better understanding of our political position than the representatives of the National Military Establishment and the officers of the U.K. Chiefs of Staff.

10. There is one more point which may be of some importance. If the Combined Chiefs of Staff is to be continued, I think it is important that we should keep our foot in the door as we have managed to do so far during the emergency planning.

I gather that the United Kingdom and the United States intend to shelve the emergency plan. This may be an indication that they now attach less importance to the continuance of the Combined Chiefs of Staff. On the other hand if they are faced with the prospect of an Atlantic Chiefs of Staff Committee upon which all members are represented, they may decide to retain a Combined Chiefs for the really important planning. We should not press for an elaborate Atlantic organization upon which we would be fully represented only to find ourselves omitted altogether from basic United States—United Kingdom planning.

11. With respect to the actual Command Organization, in the event of an emergency I feel sure that we should do everything possible to avoid the position we found ourselves in in the last war when a Supreme Commander was named without our participation in the appointment and without any delegation of authority in advance on the part of Canada. Whatever happens I feel strongly that all the members of the Atlantic Pact should jointly confer authority on the Supreme Commanders who will exercise Command over their forces. I do not think this problem will arise in the immediate future but we should perhaps bear it in mind.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de l'état-major

Memorandum by Chief of the General Staff

TOP SECRET

Ottawa, March 7, 1949

NORTH ATLANTIC PACT
MILITARY ORGANIZATION

Object

1. To recommend an outline military organization required for a North Atlantic Pact.

General

2. A North Atlantic Pact will not only encompass a vast territory but will include a large number of sovereign countries with divergent outlooks, strong nationalistic pride and varying military and logistical capabilities. Therefore, it will be imperative that every sovereign country has a voice in the military control of the Pact. This, I suggest, should be done through the Council of Defence Ministers.

3. In addition, I consider that certain basic premises should be agreed by all the countries concerned if there is to be sound planning for the equipping and training of the armed forces in preparation for their employment in war. These basic premises are:

(a) The North Atlantic Pact countries can be divided into several groups, the division being based on the principle of the countries within each group having a common vital interest which, if threatened, would call for *immediate military action* by all the countries in that group. It appears paramount that if the Pact is to be successful, the basic idea must be that the member nations of each territorial group must be determined to fight to the last man and last round for the defence of their group homelands. If this is accomplished, then all other armed forces not involved in these territorial commitments would be available to the Supreme Commander for counter attacks, for exploitation, for opening up new fronts, for holding strategic bases or any other tasks he may decide.

(b) Each of these groups would then be responsible *only* for the military planning within the group of their particular interest and *may not even be required to fight outside that particular group*.

In addition, it would be permissible to have quite different military arrangements within each group varying, if necessary, from the clear-cut agreements of the present Western Union Alliance to a somewhat looser confederation such as might be formed in the Middle East, Mediterranean or Australasia. Thus, there would be a series of interlocking regional groups, capable of mutual support, inspired with the will to fight, and with a knowledge that their battles are part of a co-ordinated strategic plan.

(c) Behind the regional groups who are planning the initial battles will be the Strategic Reserve Group which includes those nations which can provide uncommitted reserves of personnel and material. The planning for the employment of this Strategic Reserve will only be done by the members of the Strategic Reserve Group based on the instructions of a Supreme Commander.

(d) For the efficient co-ordination of the military plans of all these groups of nations, it is necessary to establish a Supreme Commander or a Chief of Staff to the Supreme Commander (as for COSSAC [Chief of Staff to the Supreme Allied Command] before the appointment of General Eisenhower). This officer to be an American.

He will be primarily concerned with the building up and employment of the Strategic Reserve but will be also available to the Chairman of each group's Chiefs of Staff for advice and consultation.

(e) Within each group there would be formed a Defence Committee which in turn would receive the advice of a Chiefs of Staff Committee for that particular group. The Chairman or leader of each Chiefs of Staff Committee would be the officer responsible for consulting and advising the Supreme Commander.

Groups

4. Present international relationships would indicate that the establishment of the following groups within a North Atlantic Pact is immediately feasible. In the near future it may well prove advantageous to include within the Atlantic Pact such groups as a Middle East Group, a Southeast Asia Group and an Australasian Group.

(a) *North American Group*

Canada — (Chairman—US or Canada)

USA

Denmark (in connection with defence of Greenland only)

(b) *Scandinavian Group*

Made up of those countries controlling the Northwestern approaches to the Soviet Union.

Norway (Chairman—one of the Scandinavian countries)

Denmark

Iceland

UK

USA

(c) *Western European Group*

Made up of those countries which form the land mass of Western Europe, together with the USA.

UK — Chairman (with French Deputy)

France

Benelux

Denmark

Western Germany

Italy

Portugal

USA

(d) *Strategic Reserve Group*

US — Chairman

UK

Canada

Security

5. I realize that one of the over-riding problems connected with planning is *security*. It is for this reason that I suggest all planning connected with the Strategic Reserve is retained within a special group, which for several years can only comprise US, UK and Canada. Group planning will also assist overall security by dividing plans into comparatively watertight compartments.

Organization

6. A proposed outline organization is shown at Appendix "A" attached.†

Recommendation

7. Bearing in mind the political and geographical problems of an Atlantic Union and the urgent need for sound but secure planning, I consider that all countries must agree to the following basic premises:

(a) The necessity for a number of closely integrated groups within the framework of a larger union;

(b) The military staffs within each group plan *only* for the action of the forces in that group;

(c) A Supreme Commander (or Chief of Staff) is appointed to advise and coordinate group planning and to relate the plans of the Strategic Reserve Group to the plans of each of the other groups. This officer to be an American. If this procedure is not at present acceptable, then agreement should be reached that another body such as Combined Chiefs should temporarily perform the function of Supreme Commander.

C. FOULKES

350.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-967

Washington, April 5, 1949

TOP SECRET

Following for Heeney from Wrong, Begins: My WA-916 of March 30th.† Military organization under the North Atlantic Treaty.

1. Reid has shown me your memorandum of April 1st addressed to Mr. Pearson. I may have some comments to offer on this later. This message deals with the discussion on the morning of April 2nd about the Council and the Defence Committee. You have already received the public statement issued after the meeting of Foreign Ministers.

2. The discussion was limited to the composition of the Council and the Defence Committee, and it was agreed that the record of the discussion, which was very brief, would serve as a general directive to the Working Party, which will begin to meet in a week or so. We shall send the official report of the discussion as soon as the transcript has been corrected and distributed.

3. As to the Council, the understanding is that Governments will be represented either by the Foreign Ministers or by representatives of the Governments. Acheson used the word "plenipotentiaries". What he had in mind was, I think, that someone authorized to speak for the Government as a whole and not for the Foreign Minister alone should attend when the Foreign Minister was not present himself. As I understand it, this would mean that the Ambassador at the place of meeting could sit for the Foreign Minister without any further credentials, but that a representative who was neither the Foreign Minister nor an Ambassador should be designated in the name of the Chief of State.

4. As to the Defence Committee, it was agreed on Acheson's proposal that it should be composed of representatives of the Ministers of Defence, and would therefore be a civilian body. Strategic planning and other professional military matters would be entrusted to other Committees responsible to the Defence Committee. There was no discussion of the form which the purely military organization might take.

5. Bevin, Schuman and Sforza spoke endorsing the proposals made by Acheson and summarized above, and they were agreed without further discussion. Schuman and Rasmussen¹⁵ raised the questions of the seat of the organization, and Schuman advocated Washington. This was left to the Working Party for further discussion. Ends.

351.

DEA/283(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1201

Washington, April 29, 1949

TOP SECRET

My WA-1011 of April 9th, † North Atlantic Treaty.

1. There is still no suggestion that the Working Party established by the Foreign Ministers on April 2nd should meet in the near future. The disposition of the Americans and British, with which I gather the French agree, is that prior agreement in general terms should be worked out informally between the United States, United Kingdom, France, and Canada. The British, Americans, and French also appear to agree that the top military body under the Defence Committee should consist only of officers from their three countries and from Canada and that representatives of other parties to the Treaty should not participate except when matters of special concern to them are under consideration.

2. The British Embassy is in contact with the State Department and expects to present a short paper within a very few days. They have also been in touch with the French. If a four-power military body is established, it may be called by some such clumsy title as "North Atlantic Chiefs of Staff Steering Committee". The British are thinking of two planning bodies under this, one which would be made up of the countries concerned with the general defence of the North Atlantic area (i.e., the four already named with, at times, the participation of Norway, Iceland, Denmark, and Portugal), and the second which would be concerned with direct defence of Western Europe, made up, they would hope, of the Brussels Treaty Powers with occasional participation of other European parties and with American and Canadian officers present but not as full members.

3. The State Department's views do not seem to be at variance with the general British ideas. The French have been inclined to argue that certain members should represent other members in the military bodies, but I doubt that this idea will be accepted.

¹⁵ Gustav Rasmussen, ministre des Affaires étrangères du Danemark/Minister of Foreign Affairs of Denmark.

4. The French continue to be anxious that the military agencies should sit in Washington, with a view presumably to the replacement of the Combined Chiefs of Staff by the top North Atlantic military body. The British hope that this part of the organization will be based on London, where it might eventually supersede completely the military agencies of the Brussels Treaty and could meanwhile employ the same personnel in large measure. The British are prepared, as a sop to the French, to have the North Atlantic Council sit in Paris, while such supply and financial agencies as may prove necessary might be based on Washington.

5. You will note that all three Governments are at present prepared to welcome Canada as a fourth member of the most exclusive group. Am I right in assuming that this is what the Canadian Government desires? As to location, I think that the existence of the Brussels agencies there points to London as the most convenient site for the military bodies, although the Defence Committee itself (made up of Ministers of Defence or their representatives), which is unlikely to meet often, could come together in another capital. I have doubts about Paris as the location of the Council and think that the advantages of ensuring the attendance of the Secretary of State in person may justify our supporting Washington.

6. I should be glad to know whether there have been any recent developments in Ottawa on this subject and to receive some indication of your views since I may be involved in preliminary discussions at any time.

352.

DEA/50030-40

Note au Comité des chefs d'état-major
Memorandum for Chiefs of Staff Committee

TOP SECRET

[Ottawa], May 11, 1949

NORTH ATLANTIC TREATY—MILITARY ORGANIZATION¹⁶

1. On April 2, the Foreign Ministers of those countries signatories to the North Atlantic Treaty agreed in Washington that a Working Party should be established to consider the general question of a North Atlantic Defence Organization. The Working Party has, however, held no meetings to date—the disposition of the Americans, the British and the French being the prior agreement in general terms should be worked out informally between the United States, the United Kingdom, France and Canada before a full meeting of all the signatories is convened.

Views of United Kingdom Authorities

2. United Kingdom authorities are of the opinion that a permanent Atlantic Pact "Steering Committee", composed of the Chiefs of Staff of the United Kingdom, the

¹⁶ Cette note fut mise en circulation par le secrétaire du Comité des chefs d'état-major le 12 mai 1949, et discutée lors d'une réunion de cet organisme le 18 mai 1949. Hume Wrong assista à cette réunion dont les conclusions sont énumérées au document 354.

This memorandum was circulated by the Secretary of the Chiefs of Staff Committee on May 12, 1949, and discussed at a meeting of that organization on May 18, 1949. Hume Wrong was present at that meeting, whose conclusions are listed in Document 354.

United States, France and Canada, should be established. Subordinate to the "Steering Committee" would be two planning bodies—one which would be made up of the countries concerned with the defence of Western Europe, and one which would be concerned with the general defence of the North Atlantic area. The members of the former would be the Western Union Chiefs of Staff, with the occasional participation, when necessary, of Italy, Portugal, Norway, Denmark and Iceland. Canadian and American military authorities also might attend the meetings of this body but would not need to be full members. The North Atlantic defence (planning) body would be composed of representatives of the United States, the United Kingdom, France and Canada, with Portugal, Norway, Denmark and Iceland participating only when necessary.

3. United Kingdom authorities feel that the headquarters of the Atlantic Pact Chiefs of Staff "Steering Committee" should be established in London in order to ensure effective liaison between that body and the Western Union Chiefs of Staff Committee. This, it is felt, would avoid a considerable duplication of effort in the production of papers and would simplify the problem of security and communications.

4. With regard to the ministerial machinery, the United Kingdom authorities have no strong objection to a French proposal that the Council of Foreign Ministers should meet in Paris. The United Kingdom would also acquiesce in any proposal to establish supply and financial agencies in Washington although there is a general feeling that it will be necessary to have some forward supply and financial machinery in London.

Views of United States Authorities

5. United States authorities also appear to be thinking in terms of a "Steering Committee" of the North Atlantic Chiefs of Staff Committee with subordinate representation on a regional basis. The "Steering Committee" would be composed of representatives of the United States, the United Kingdom, France and Canada.

6. With respect to the headquarters of the organization, some United States military authorities are inclined to the view that, should they be established in London, there would be a strong tendency for Western Union to dominate. A section of United States military opinion appears to be opposed to any extension of United States responsibility within Western Union. Moreover, if the headquarters were to be established in Washington, the United States Joint Chiefs of Staff would be in a position to use various sections of the War Department for producing the papers which were to be studied.

7. The State Department, on the other hand, supported by some Service opinion, favours London, largely in the interests of close integration with the machinery established under the Brussels Treaty.

Views of French Authorities

8. France, greatly exercised at the possibility of exclusion from over-all strategic planning in which the defence of the Rhine might become a secondary consideration, has been actively campaigning for membership in any top-level North Atlantic planning body. The French feel that, while all the signatories to the North

Atlantic Treaty should be represented on an Advisory Council, membership on an Executive Council should be limited to the United Kingdom, the United States, Canada and France. France, it appears, has already received the agreement of the Netherlands, Belgium and Luxembourg that France should represent them on any Executive Council. Italy, too, would likely accept such a proposal. The United Kingdom would then represent the Scandinavian countries, including Iceland, on the Executive Council.

9. The headquarters of any Executive Council, the French feel, should be in Washington in order to ensure direct contact with the Combined Chiefs of Staff and with American military authorities. The French preference for Washington as the headquarters reflects their fear that the North Atlantic Defence Organization would, in reality, be subordinate to the Combined Chiefs of Staff, particularly if the headquarters of the former were to be situated in London. The French would agree that the larger military committee (Defence Committee of Ministers) might have London as its headquarters.

10. The French have been greatly concerned at the apparent lack of progress of the Western Union Defence Organization and have stressed that any North Atlantic Organization should be prevented from becoming enmeshed in Western Union problems.

Views of Canadian Authorities

11. General Foulkes has prepared a paper outlining his views with respect to the North Atlantic military organization. This paper was submitted (on a purely personal basis) to General Gruenther (United States) and General Hollis (United Kingdom).

12. General Foulkes is of the opinion that representation on the organization should be by regional groups—each of which would be responsible for the military planning only within the group. He has suggested a Western European group made up of those countries forming the land mass of Western Europe (i.e., the Western Union countries, Denmark, Italy, Portugal), together with the United States; a Scandinavian group composed of those countries controlling the northwestern approaches to the Soviet Union, i.e., Norway, Denmark, Iceland, the United Kingdom and the United States; a North American group composed of Canada, United States and Denmark (in connection with the defence of Greenland only); and a Strategic Reserve Group, including those nations which would be able to provide uncommitted reserves of personnel and material (i.e., Canada, United States and the United Kingdom).

13. The formation of a Strategic Reserve Group, General Foulkes feels, would permit the present strategic planning of the United Kingdom, the United States and Canada to be continued without creating an atmosphere injurious to the proper development of territorial defence in each region.

14. The regional groups (and the Strategic Reserve Group) would be responsible to a council of all the North Atlantic Defence Ministers through a Supreme Commander appointed to advise and co-ordinate group planning.

*General Comments**Arguments in favour of Canada being a member of a Chiefs of Staff "Steering Committee"*

15. (a) It would appear that the United Kingdom, the United States and France agree that Canada should be represented on the top military body under the North Atlantic Treaty. Such membership would ensure that Canada had an equal voice with the United Kingdom, the United States and France in the determination of all questions of North Atlantic defence policy. It would avoid the position where Canada would be presented with more or less final plans which at that stage would be difficult and possibly embarrassing to argue against.

(b) As Canada, like the United States, will have on the outbreak of war uncommitted forces, it would be desirable for Canada to be a member of the Group which would be responsible for recommending the allocation of forces to the various theatres.

(c) Canada, as a supplier nation, should have a full voice in the making of war plans, which will call for the production and allocation of various types of equipment and supplies.

Arguments against Canada being a member of a Chiefs of Staff "Steering Committee"

16. If Canada accepts membership on such a high level body, it may be expected that she will be called upon to make a contribution commensurate with such membership. The Minister of Finance has argued against Canada accepting an invitation to participate in the Western Union Finance and Economic Committee on the grounds that such participation would lead to demands of a financial and economic character on Canada which we are not prepared to meet. If this is indicative of the attitude the Government is likely to take toward economic and financial commitments under the Atlantic Treaty, then membership on a "Steering Committee" might well prove embarrassing to the Government.

17. The Embassy in Washington has asked for instructions as to whether the Canadian Government wishes to have membership on a top level "Steering Committee".

General Arguments in favour of a "Steering Committee"

18. (a) A "Steering Committee", the members of which would represent regional groups rather than exclusively their own governments, may be expected to accomplish work more rapidly.

(b) Security problems would be minimized since it would not appear to be necessary to pass all papers considered by the "Steering Committee" to all the governments represented on the regional organizations.

(c) As France will undoubtedly insist on being a member of a "Steering Committee" or of any other top level planning body which may be set up, there are some advantages in having France represent Western Union on the steering group rather than act solely on her own behalf. France representing Western Union might thus be forced to take a wider view of strategic planning. In this connection, in

recent discussions in the Western Union Defence Organization, France has insisted that the primary consideration should be the immediate defence of Western Europe rather than a broader strategic plan favoured by the United Kingdom.

(d) The creation of a "Steering Committee" might persuade the United Kingdom and the United States that their Combined Chiefs of Staff organization was either no longer necessary or at least of much less importance. In this connection, of course, the French are anxious that the Combined Chiefs should be abolished or, no doubt, alternatively that they should be a member.

General Arguments against setting up a "Steering Committee"

19. It is difficult to see what arguments there could be against setting up a "Steering Committee" other than those put forward by General Foulkes in favour of a Strategic Reserve Group. While the latter conception would permit the United Kingdom, the United States and Canada to continue emergency planning, it would not avoid automatically the creation of a large North Atlantic Chiefs of Staff Committee. Even, therefore, if the notion of a Strategic Reserve Group were accepted, there would still be strong arguments in favour of a "Steering Committee" of an Atlantic Chiefs of Staff Committee.

Arguments in favour of the North Atlantic Defence Organization being set up in London

20. (a) From the political standpoint, the setting up of the organization in London might be taken as a clear indication to the Soviet Union that the North Atlantic powers mean business, and might tend to offset the propaganda that the United States was really the boss of the organization. It would also be a clear indication of the interest of the North American nations in the defence of Western Europe and would, consequently, have a desirable effect on the morale of the people in Western Europe.

(b) From a Canadian point of view, it might permit us to use the staff in London for representation both in the North Atlantic Organization and as observers on Western Union.

(c) It might avoid political difficulties arising from the North Atlantic Defence Organization in Washington being close to the United Nations Security Council.

(d) Security problems, particularly in respect of cyphers, might be less in London, in that if the French were established in Washington, they would undoubtedly wish to use their own cyphers for communication with their own government. If they followed, on the other hand, the rules now laid down for Western Union communications, they would have to send all their communications by bag, a rule which would be difficult to enforce if the organization were in Washington.

Arguments in favour of Washington

21. (a) Direct contact with the United States military authorities would be ensured. The French have also argued that it would permit direct contact with the Combined Chiefs of Staff if it is kept in being. The latter, however, might prove an embarrassment to both the United Kingdom and the United States.

(b) From a Canadian point of view, we would be in a position to send officers on short notice from Ottawa for particular meetings.

(c) It would avoid the possibility of domination of the "Steering Committee" by the Western Union Defence Organization.

(d) The United States authorities might possibly consider that there were fewer security problems arising from having Washington as the location rather than London and thus the United States authorities might treat the organization with greater confidence.

Location of the Council and the economic organs

22. It seems unlikely that a Council of Foreign Ministers would meet more often than, say, once every six months. It does not, therefore, seem to be important where the Council meets and it could change its venue from time to time if desired. There would seem to be no particular objection to meetings taking place in Paris. On the other hand, if a Permanent Diplomatic Secretariat is set up there, while the Defence Organization is established in London or Washington, it might be hampered in its work by lack of liaison with the Defence Organization.

In regard to the economic organs, there would seem to be some merit in having them in Washington as both the United States and Canada would be the major supplying nations. While this might mean that military information necessary for the consideration of problems in the economic organs might not be as readily available as it would otherwise be if both the economic and military organs were located in the same place, this would probably not be an insurmountable problem. A forward echelon of the economic organs might have to be established in London if the military organization is established there.

353.

DEA/283(s)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1005

London, May 12, 1949

TOP SECRET

At request of Foreign Office Rae and Clark attended a meeting at Foreign Office yesterday at which the following United Kingdom officials were present: Sir Gladwyn Jebb; A/M. Sir William Elliot, War Cabinet Secretariat; Shuckburgh, Head of Western Europe Department, Foreign Office; and Cumming-Bruce, of Commonwealth Relations Office.

2. Jebb said he wished to outline the way United Kingdom authorities were thinking about arrangements for North Atlantic Defence Organization. He added that United Kingdom views concerning N.A.D.O. had been informally discussed with State Department officials in Washington and that Mr. Wrong had been kept informed. The United Kingdom authorities had not yet discussed their proposals

with the French authorities and would like if possible to obtain the agreement and support of the Canadian Government for their proposals before doing so. He thought United States authorities would be likely to give favourable consideration to the United Kingdom proposals if they were agreed to by the Canadian and French Governments, and he felt that Four Power agreement—(i.e. United States, United Kingdom, Canada and France) was essential before the Working Party in Washington could get down to detailed plans.

[3]. Foreign Office had gathered that M. Ramadier would like to have the North Atlantic Chiefs of Staff Organization in Washington. In the view of the United Kingdom authorities, however, it would be preferable to integrate the North Atlantic Organization with the present Western Union machinery, particularly on the defence planning side. Jebb would, therefore, like to obtain Canadian support for the United Kingdom proposals and use this to back up their approach to the French.

[4]. Jebb's outline of the United Kingdom proposals for the North Atlantic Defence Organization may be summarized as follows:

A. Political

(I) Council provided for in Article 9 would be composed of Foreign Ministers and would meet about once each year in Paris.

(II) A Permanent Political Committee similar to the Brussels Treaty Permanent Commission would conduct the day to day business for the Council. The Council and the Committee would be located in Paris as a quid pro quo for French support for the United Kingdom proposal to locate the Military Organization in London.

B. Military

(I) The Defence Committee would consist of the Ministers of Defence of the United States, United Kingdom, France and Canada, and would meet two or three times each year probably in London.

(II) A North Atlantic Chiefs of Staff Committee would be set up on which only the United States, United Kingdom, France and Canada would be represented. This would be the senior military agency of the North Atlantic Defence Organization, and would normally meet in London. It would be served by the Permanent Military Organization which now serves the Western Union Chiefs of Staff Committee.

C. Supply

While the United Kingdom would prefer to see Supply Organization located in London, they would be prepared to agree to its establishment in Washington if it appeared likely that it would be more effective in that location.

[5]. Under these proposals the present Western Union Defence Organization would thus function as a regional agency of the North Atlantic Defence Organization. Its present terms of reference would be modified as follows:

(a) The United States and Canada would continue to be represented on the Western Union Chiefs of Staff Committee by senior service officers with the status of observers, but authorized by their respective Chiefs of Staff to speak for them within the terms of a very broad directive.

(b) The United States and Canada would be represented as full members on the present Military Committee and its subordinate agencies which would serve the North Atlantic Chiefs of Staff and the Western Union Chiefs of Staff Committees.

[6]. Jebb hoped it would be possible for the Canadian Government to agree:

(a) That the political organs of the North Atlantic Association to be set up under Article 9 of the Treaty should be established in Paris, and

(b) That the North Atlantic Chiefs of Staff Committee should consist of only United States, United Kingdom, French and Canadian representatives, that it should be established in London, and be served by the present Military Committee (as modified by paragraph 4(b) above) of the Western Union Defence Organization.

[7]. From the subsequent discussion, several additional points emerged:

(a) The United Kingdom authorities visualize the Combined Chiefs of Staff in Washington and the Permanent Joint Board of Defence as operating completely outside the North Atlantic Defence Organization.

(b) In reply to our question whether the North Atlantic Chiefs of Staff would deal with military problems and planning in such areas as the Middle East, South East Asia and the Far East, the reply was that these matters would not be dealt with by the North Atlantic Chiefs of Staff Committee. It was clear that the United Kingdom authorities consider that the North Atlantic Chiefs of Staff would be responsible only for the defence of the Atlantic community and in particular of Western Europe.

(c) In addition to the foregoing organization, the United Kingdom authorities consider it possible that the need might arise to form another regional group to deal with special problems arising out of defence of Denmark, Norway, Iceland, Portugal and Italy. Although thinking does not appear to have advanced very far on this aspect, such a group, if formed at a later stage, would presumably be served by the Military Committee of the Western Union Defence Organization. In the meantime, on matters relating to the defence of these countries their representatives would deal with the Western Union Defence Organization but not as full members.

(d) United Kingdom authorities anticipate that some of the economic and social activities now carried out by the Brussels Treaty Permanent Commission might gradually shift over to and become the responsibility of the Council of Europe.

[8]. From this discussion it is clear that the United Kingdom authorities are anxious to proceed as rapidly as possible with arrangements for establishing machinery under the North Atlantic Pact, and to enlist Canadian support, particularly in Washington, for their views. At the conclusion of our discussion it was agreed that United Kingdom views would be reported to you and that we would let Foreign Office know your reactions as soon as possible.

[9]. It is assumed that the question of North Atlantic machinery, and particularly of Canadian participation, has been under close study in Ottawa. Even in the general form in which they were outlined, the United Kingdom proposals require some comment, particularly on the basis of Brigadier Clark's experience of the working of the existing Western Union machinery. Our comments are set forth in my immediately following telegram.

354.

DEA/50030-40

*Extrait du procès-verbal de la réunion du Comité
de la Défense du Cabinet*

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], May 18, 1949

I. DEFENCE ORGANIZATION UNDER NORTH ATLANTIC TREATY

1. *The Minister of National Defence* said that the form and location of the North Atlantic Military Organization were being considered in both Washington and London. Although there were several proposals as to the composition of the principal military body, indications were that it would consist of representatives of the United States, the United Kingdom, France and Canada. While Canada had not yet been officially approached, France, the United States and the United Kingdom appeared to assume that Canada would be a member of the top level Military Committee.

The problem, therefore, was to determine what the attitude of the Canadian government should be. This had some urgency because the United Kingdom had sought Canadian views on their proposals and in addition the Ambassadors' Working Group in Washington were likely to meet soon to consider the matter.

The Chiefs of Staff had considered the question with senior civilian officials and had recommended that the Canadian attitude should be:

(a) defence planning for the implementation of the Treaty can best be done on a regional basis;

(b) planning for the co-ordination of regional arrangements and for the employment of strategic reserves can best be done by a small committee composed of the Chiefs of Staff of some of the North Atlantic nations;

(c) the United States and the United Kingdom will clearly be represented on the principal body for defence plans; France may also seek and be accorded membership;

(d) the relationship of Canada to North Atlantic defence is such that Canada should accept membership on the principal body for defence planning, if invited to do so; and

(e) while the North Atlantic Council may be located elsewhere without disadvantage, the military and supply organizations under the Treaty should be located at the same place; from the Canadian point of view, preferably Washington.

An explanatory memorandum was circulated.

(Memorandum of 18th May, 1949, from Secretary, Chiefs of Staff Committee—Cabinet Document D221).†

2. *The Chief of the General Staff* pointed out that planning under the North Atlantic organization would inevitably involve the use of Canadian troops and Canadian facilities and the Chiefs of Staff considered that Canada should be represented on the senior planning body.

It was understood that the purpose of the North Atlantic Treaty was to provide the strongest possible deterrent to war. If, however, war could not be prevented, then the secondary object of the North Atlantic Treaty was to provide an organization which, backed by the manpower and production of the countries of the Treaty, would be able to win the war. To carry out this latter task, it was obviously necessary to carry out military planning beyond the territorial limits of the countries of the North Atlantic community.

The United Kingdom views concerning the scope of the North Atlantic defence planning had changed considerably and they were now suggesting that this organization should only plan for the territorial defence of the Atlantic community.

3. *The Secretary of State for External Affairs* observed that the main question was whether Canada should be accorded full representation on the senior military body or whether authority should be delegated and arrangements made for association with that body when matters of direct concern to Canada were being discussed. On balance, the former appeared to be the more acceptable. Regarding the scope of military planning, it would be unrealistic to confine strategic planning to the area defined in the Treaty and it did not seem unreasonable that the North Atlantic Defence Organization should develop the overall strategy by which the defeat of the enemy could be achieved.

4. *The Canadian Ambassador to the United States* reported that no decision had yet been taken regarding the location of the various bodies that would be established under the Treaty. It seemed likely that this would be delayed until the participating countries had ratified the Treaty.

It would be remembered that the agreements provided for a Council composed of ministerial representatives of all the countries and a defence committee at the same level, which could meet promptly if required to do so.

5. *The Acting Prime Minister* said that in his view the recommendations of the Chiefs of Staff were reasonable. While Canadian representation on the principal military body was desirable and should be accepted if an invitation were received, such representation should not be sought.

6. *The Committee*, after further discussion, agreed to recommend to Cabinet acceptance of the policy outlined in the report submitted by the Chiefs of Staff and agreed that Canadian representatives be guided accordingly, it being understood that Canada should not actively seek representation on the senior military body.¹⁷

¹⁷ Approuvé par le Cabinet le 18 mai 1949.
Approved by Cabinet on May 18, 1949.

355.

DEA/50030-40

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET

Washington, May 23, 1949

Dear Mr. Heeneey:

I had a word today with Hickerson about the organization to be set up under the Atlantic Treaty. He told me that, so far as the State Department knew, the Joint Chiefs of Staff had not yet reached a decision on the proposals which were laid before them last week. He thought that they had given preliminary consideration to these proposals on May 18th.

I let him know that we were inclined to favour Washington as the seat of the military organization and such supply agencies as may be set up and that in the event that this became an issue between London and Washington we should probably support the U.S. position. I also told him that he could assume that we would accept membership on the top military planning body if we were invited to do so, but made it clear that we were not lobbying for an invitation. I said that we had had to give some consideration to the matter, since we had heard that the plans under discussion in Washington, London, and Paris all contemplated the inclusion of Canada in the senior military body.

Yours sincerely,

H.H. WRONG

356.

DEA/50030-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1094

London, May 25, 1949

TOP SECRET

Reference your telegram No. 953 of May 23rd.† In addition to points raised by Jebb concerning Military Organization under North Atlantic Treaty, we may also be asked whether the Canadian Government has any specific suggestions to put forward for the establishment of economic machinery to promote economic co-operation between North Atlantic signatories as provided for in general terms under Article 2 of the Treaty. It is the feeling of the United Kingdom authorities that this article was included largely at Canada's request, and I should be grateful for any guidance you can provide on this aspect of the Treaty implementation. Would be grateful for early reply.

357.

DEA/50030-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 975

Ottawa, May 27, 1949

TOP SECRET

North Atlantic Defence Organization. Following from Heeney. Begins. Your telegram No. 1005 of May 12 and Clark's telegram No. 1006 of May 13.†

1. The British proposals as presented to the U.S. authorities are contained in Washington's telegram WA-1328 of May 13,† repeated to you as telegram No. 917 of May 17.† You will note that the terms of the proposals handed to the U.S. authorities differ somewhat from the British views as reported in your telegram No. 1005 of May 12.

2. As the result of consideration of the U.K. proposals by the Chiefs of Staff, the Under-Secretary of State for External Affairs and the Secretary to the Cabinet, recommendations were put forward to Cabinet Defence Committee on May 18. Conclusions for the guidance of Canadian representatives taking part in any further discussions on the Defence organization were approved by Cabinet Defence Committee and by Cabinet subsequently on the same day. They are set out in the immediately following paragraph.

3. (a) defence planning for the implementation of the Treaty can best be done on a regional basis;

(b) planning for the co-ordination of regional arrangements and for the employment of strategic reserves can best be done by a small committee composed of the Chiefs of Staff of some of the North Atlantic nations;

(c) the United States and the United Kingdom will clearly be represented on the principal body for defence plans; France may also seek and be accorded membership;

(d) the relationship of Canada to North Atlantic defence is such that Canada should accept membership on the principal body for defence planning, if invited to do so; and

(e) while the North Atlantic Council may be located elsewhere without disadvantage, the military and supply organizations under the Treaty should be located at the same place; from the Canadian point of view, preferably Washington.

4. At this stage the above conclusions are communicated to you for the information and guidance of Clark and yourself and not (repeat not) for transmission to the U.K. authorities. It may also be helpful for you and Clark to have the expression of our own tentative views pending our reply to the U.K. proposals which may be anticipated before long.

5. *Political Organization.* The Council of Foreign Ministers might well have to meet more frequently than is suggested. We have no objection to the Council meet-

ing in Paris but, depending on the availability of Foreign Ministers, it might be best not to pin down the meetings to any particular place. In regard to the permanent Political Committee, we would see no objection to it being set up in Paris although there might be disadvantages if the principal Defence and Supply Organizations were set up in Washington.

6. *Military Organization.* The memorandum submitted by the U.K. to the U. S. authorities as reported in our Washington Embassy's telegram WA-1328 of May 13, did not appear to limit the Defence Committee to the Ministers of Defence of the U.S., U.K., France and Canada. As Article 9 of the Treaty specifically refers to the setting up of a Defence Committee, it would seem to us to be politically difficult to limit the membership in this way. We had rather contemplated a Defence Committee of the whole since it appears to us that many of the plans and decisions of this body would require the approval of governments on a Defence Minister level in order to be effective.

7. In regard to the *senior military committee*, the U.K. memorandum presented in Washington refers to an Atlantic Pact Chiefs of Staff Steering Committee which would consist of representatives of the Chiefs of Staff of the U.S., U.K., Canada and France with representatives of the Chiefs of Staff of the other countries being called in when necessary. We think that this proposal has some merit and we would be prepared to be represented on such a body if we were invited to do so. It should be clearly understood, however, that Canadian representatives taking part in any further discussions would not (repeat not) press for representation on any such top planning body. In our view the Military Organization could function best in Washington alongside the Supply Organization set up under the Treaty. We also think that the organization could best be served by its own permanent Military Organization rather than the organization established under the Western Union Chiefs of Staff Committee.

8. *Supply.* As a great many of the supply problems will have to be dealt with on this side of the Atlantic, we consider that the Supply Organization could best function in Washington.

9. We agree that the Western Union Defence Organization should continue as a regional one and that we should maintain observers on the Western Union Chiefs of Staff Committee and other defence organizations of Western Union. In regard to your sub-paragraph (b), this question would not arise if the organization is in Washington and we think there is a good deal of merit in not confusing the North Atlantic Organization with Western Union.

10. From the foregoing it will be seen that we are thinking along the lines of regional groupings under the North Atlantic Organization, of which the Western Union Defence Organization should be one.

11. As I have indicated, the conclusions set out in paragraph 3 above are decisions of the government taken on advice of the Chiefs of Staff and senior civilian officials. Those set out in paragraphs 5 to 10 inclusive, however, are our own tentative views although they have been formulated after consultation with the Chiefs and in the light of discussion in Cabinet Defence Committee. Ends.

358.

DEA/50030-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 977

Ottawa, May 27, 1949

TOP SECRET

Following from Heeney, Begins. Reference your telegram No. 1094 of May 25, North Atlantic Treaty Organization.

1. It is true that the Government attach importance to the provisions of Article 2 but Ministers have not as yet considered the possibility of establishing special economic machinery in that connection. For this reason we are not in a position to express any views on the subject to the Foreign Office and it may be some time before Ministerial consideration will be feasible.

2. Furthermore, it is impossible at this stage to formulate any blueprint which would reflect Canadian views on the whole structure of the North Atlantic Organization. We would, however, anticipate that an Economic Committee, composed perhaps of the Finance Ministers of the North Atlantic states, might be set up to parallel the Defence Committee. Such an Economic Committee might be responsible for financial and economic matters arising from the Treaty and, in particular, with the implementation of Article 2. Possibly an Economic Committee might be served by an Executive Committee meeting more frequently.

3. As you know, members of the Canadian Government, in statements both in the House and elsewhere, have stressed the fact the Treaty would not be solely a military alliance. It is therefore to be hoped that the Organization, as eventually established, will include organs for the economic collaboration envisaged by Article 2. In any event, I feel that some such machinery will have to be established, irrespective of Article 2, for the purpose of considering the financial and economic implications of any military programmes.

4. Should you be queried by the Foreign Office on this point, I would suggest that you might indicate that the Canadian Government has no specific suggestion to make at this stage with respect to the economic machinery which might be established under the Treaty. We expect that the problem will be given consideration at the meeting of the Working Group in Washington.

5. The above views, as I have indicated, are purely personal and are offered now in response to your request for an early reply to your telegram under reference. I shall seek Governmental direction on the points raised in your telegram as soon as there is an opportunity.

359.

DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1513

Washington, June 1, 1949

SECRET

My immediately preceding teletype on military procurement.†

1. When discussing yesterday with Hickerson and Snow of the State Department the draft communication on military procurement they raised the question of Canadian participation in the provision of military equipment to the European parties to the North Atlantic Treaty. Senator [Claude] Pepper has already asked about the Canadian contribution and they said that they would like to be able to state at the Congressional hearings on the military assistance programme that discussions were taking place with Canadian officials.

2. I held out no hope that we would be in a position to discuss this matter for some time. I pointed out that any action which Canada might take would be derived from the obligation assumed in Article 3 of the North Atlantic Treaty, that the Treaty would not be in effect for some time, and that the extent and nature of the "mutual aid" which Canada might provide could not be determined or even considered by the Canadian Government until the Treaty was in force and consultations had taken place between the parties. I said that, while the United States programme of military aid was related to the Treaty, it was formulated as a separate measure which would be discussed in Congress in all probability before the Treaty was in force. They should not expect the Canadian Government to parallel their own action.

3. I suggested that they might deal with Senator Pepper's enquiry by pointing to the Canadian record in living up to international obligations and saying that they had no doubt that the Canadian Government would give proper effect to the principle of mutual aid.

4. I added that as all items of military equipment produced in Canada contained a United States dollar content, Canada could not be expected to do very much unless there was United States military procurement in Canada. Hickerson remarked that one of the elements in the military assistance programme was to stimulate European arms production by furnishing necessary raw materials from the dollar area. He suggested that an appropriate Canadian contribution might be the provision of non-ferrous metals such as copper and aluminum. I said that this idea was unlikely to commend itself to the Canadian Government and also made it clear that ministerial consideration could not be given to the matter for several weeks.

5. They asked me to report this discussion to you. I doubt that it is necessary for us to follow it up, unless you disagree with the line which I took.

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DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1547

Washington, June 3, 1949

TOP SECRET

Following for Heenev, Begins: Your messages EX-1369† and EX-1370† of May 27th repeating telegrams exchanged with Canada House on economic organization under the North Atlantic Treaty.

1. I am glad to notice the cautious attitude which you have taken about the possible establishment of agencies to give effect to Article 2 of the Treaty. I have not undertaken the considerable task of going through the files to review the negotiations which resulted in this Article, but I am clear in my recollection that from a very early stage the Canadian representatives (both Mr. Pearson and myself) took the line that while Canada attached great importance to the inclusion in the Treaty of a pledge of economic collaboration, it was not our purpose to urge the establishment of special North Atlantic economic agencies. Without such an assurance we should never have secured the agreement of the Secretary of State and the Senate Foreign Relations Committee to the inclusion of the last sentence in the Article.

2. The objections taken during the negotiations to the inclusion of an economic pledge in the Treaty arose in part from the belief that a North Atlantic economic organization would cut across and complicate the work of other international agencies in the economic field, including the O.E.E.C., the I.T.O., the Economic Commission for Europe and other United Nations bodies. To overcome these objections it was agreed that the pledges which now appear in Article 2 were general pledges designed to be fulfilled by the parties individually or bilaterally or multilaterally as occasion arose. You may recall that we pressed for an economic clause primarily because we believed that it would be useful in negotiating on economic questions with the United Kingdom and United States.

3. A supply agency which will be concerned with financial and economic questions will have to be set up in order to assist in giving effect to the promise of mutual aid in Article 3. I think that our best line would be to concentrate on this and to encourage it to take in a fairly wide field. This would relate economic collaboration to the central purpose of the Treaty, the organization of collective defence.

4. I suggest, therefore, that we go slow in bringing Article 2 into the discussion of the organization to be set up. If the Government decides to seek the establishment of a high-level Economic Committee, as suggested in paragraph 2 of your EX-1370, I recommend that before this is put forward we should be ready to explain fully the relationship contemplated with other international economic agencies and the exact field to be covered. I should be loth to have the matter brought before the

Working Group here, when that body begins to meet, without supporting the suggestion with definite proposals about the terms of reference and so on. Ends.

361.

DEA/50030-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major
Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], June 8, 1949

...
I. NORTH ATLANTIC TREATY—REPLY TO UNITED KINGDOM PROPOSALS

1. *The Committee* had for consideration a memorandum from the Secretary concerning the preparation of answers to the United Kingdom proposals which had been forwarded in Despatch No. 1005 dated 12th May, 1949, from the High Commissioner, London.¹⁸

(CSC 5-27 dated 4th June, 1949)

2. *The Chief of the General Staff*, referring to the Cabinet decisions on the policy to be followed by Canadian representatives in discussions concerning the North Atlantic Defence Organization, stated that it might be advisable at this time to prepare answers to the proposals put forward by the U.K. authorities. To do this, it would be necessary to have an agreed Canadian concept of the purpose and scope of the North Atlantic Defence Organization. Originally the United Kingdom authorities had considered the North Atlantic Defence Organization as the overall organization responsible for the planning and direction of the war and had indicated that this organization would probably consist of representatives of the United States, the United Kingdom and Canada. At this time the United Kingdom had not considered the inclusion of France on the top level organization. Subsequently, when the necessity of including France became more apparent, the U.K. authorities accepted this arrangement. However, to avoid the problems which would ensue if France were included in the organization planning overall strategy, they then suggested limiting the scope of the North Atlantic Defence Organization to that of the territorial defence of the North Atlantic region.

From the beginning of the North Atlantic negotiations, the U.S. authorities had indicated that, in their view, the North Atlantic Defence Organization should be responsible for the development of overall strategy. The importance of France in the problem of European defence was of such magnitude that consideration had to be given to including France in overall strategic planning despite the problem of French security. This problem was a very real one, but it was not insoluble. Once France became a member of the top level organization, this matter would have to be discussed fully and it would be necessary to indicate to the French representative that, so long as the present situation maintained, it would not be possible to develop overall defence plans.

¹⁸ Voir/Sec: Document 353.

3. *The Under-Secretary of State for External Affairs* observed that the full implications of Canada participating in overall strategic planning were probably not recognized by all ministers. The approval which the Cabinet had given to the recommendations of the Chiefs of Staff had gone a long way. However it was felt that, in giving this approval, the Government had not contemplated that it would include Canadian participation in the overall military direction of the war. On this point there was some doubt. If the North Atlantic planning contemplated more than territorial defence planning for the North Atlantic region, the matter of participation should be referred to Cabinet.

4. *General Foulkes* pointed out that the North Atlantic Treaty was unique in that the defence planning which would be done in peace would require acceptance by individual governments; in fact, the planning agreements would represent actual commitments. The Canadian Chiefs of Staff, and presumably the Canadian Government, could not permit planning for the use of Canadian troops outside Canada unless there was Canadian participation in the development of those plans. This point had been made clear by the Secretary of State for External Affairs in his speech on the North Atlantic organization given in Kingston last year.

5. *The Secretary to the Cabinet* observed that the system of defining the geographical limits within which the participation of Canadian troops was authorized had not been entirely satisfactory in the last war. It might be advisable to accept an arbitrary limitation based on certain political factors in order to put the organization into operation. Once the organization was established, it would be possible to broaden the scope if this appeared necessary.

6. *The Chief of the Naval Staff* questioned the proviso which the Cabinet had included concerning the acceptance of an invitation to participate as a member of the principal body for defence planning. So long as the Canadian Armed Forces were limited to their present size, it might not be advisable to participate in overall strategic planning. It would appear that only the United States and the United Kingdom, who had forces available in peace and who, in war, would have the largest commitments, were in a position to provide the overall strategic direction.

7. *The Chief of the Air Staff* observed that, if the overall war direction were to be left to the Combined Chiefs of Staff, it might be preferable to have the North Atlantic Defence Organization located other than in Washington.

8. *The Chairman, Defence Research Board*, stated that the Canadian military and political concepts of the North Atlantic Defence Organization, while individually sound, were not compatible. The military concept, by which the North Atlantic would be responsible for global strategy, did not appear to be politically possible and, in fact, could be considered as a contravention of Article 51 of the United Nations Charter. If the North Atlantic countries were to plan world strategy, they would in fact be substantiating the Soviet claim that the North Atlantic Treaty was not a regional defence pact within the meaning of Article 51.¹⁹

¹⁹ Note marginale:/Marginal note:
Art. 51 is not a regional article.

9. *Mr. Heeney* reported that the Military Committee of Western Union had now decided that they should not make recommendations concerning the organization of the North Atlantic Defence machinery. While there was no necessity at this time to produce formal answers to the U.K. proposals, it might be appropriate to advise the U.K. and the U.S. authorities, informally, of the general views of the Canadian Government, as approved by the Cabinet on 18th May.

10. *It was agreed*, after further discussion, to advise the U.S. and the U.K. authorities informally of the Canadian views approved by Cabinet, the necessary communications to be prepared by the Secretary.²⁰

362.

DEA/50030-40

*Note du secrétaire du Comité des chefs d'état-major
pour le secrétaire du Cabinet et le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Secretary of Chiefs of Staff Committee
to Secretary to the Cabinet and Under-Secretary of State for External Affairs*

Ottawa, June 30, 1949

TOP SECRET

CONCEPT OF NORTH ATLANTIC DEFENCE ORGANIZATION

1. It would appear from recent despatches that there is now definitely a division of opinion concerning the scope of the North Atlantic Defence Organization. On the one hand the United States and the United Kingdom have indicated clearly that they consider the North Atlantic Defence Organization should be limited to regional defence planning; the French, on the other hand, are strongly of the opinion that North Atlantic Defence Organization should provide a medium for the planning of global strategy.

2. The Canadian position is somewhat involved. When the Canadian Government agreed that if Canada were invited to sit on the top level planning body the invitation would be accepted, it was felt by certain officials that the discussion concerning this subject had included the problem of overall strategy as being part of the North Atlantic responsibilities. Other officials are of the opinion that all the ministers were not clear that our acceptance of a position on the top level North Atlantic Defence planning body would involve us in global strategical planning. One point, however, which is generally accepted is that the Cabinet were of the view that Can-

²⁰ Ces points de vue furent transmis officieusement au gouvernement britannique par l'entremise de Canada House, et aux autorités américaines par le biais de l'ambassade du Canada à Washington. Le haut-commissaire à Londres pressa pour une réponse formelle, mais Heeney fit un commentaire à l'effet que: «it is somewhat difficult to receive ministerial guidance at the present time on the over-all problem of North Atlantic Organization» (le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni, no. 1095, le 17 juin 1949 [de Heeney], DEA/50030-40). These views were conveyed informally to the British government via Canada House and to American authorities via the Canadian Embassy in Washington. The Canadian High Commissioner in London urged a formal response, but Heeney commented that "it is somewhat difficult to receive ministerial guidance at the present time on the over-all problem of North Atlantic Organization" (Secretary of State for External Affairs to High Commissioner in United Kingdom, No. 1095, June 17, 1949 [from Heeney], DEA/50030-40).

ada would have to have a voice in the planning of any operations in which Canadian troops might be involved. If Canada accepts the point of view that the North Atlantic Defence Organization is limited to defence planning, it will be necessary to ensure that Canadian representation is maintained on any body involved in overall strategic planning because of the fact that the bulk of the Canadian forces will probably be deployed outside the territorial limits of the North Atlantic Community.

3. As the organization of the Working Party has been delayed this long, it will become more apparent to all countries of the North Atlantic Organization that certain military discussions must be going on between the major powers. It is possible that, as a result of these discussions, the general pattern of the North Atlantic Defence Organization will be that agreed to by the United States and the United Kingdom, and the other member countries will have opportunity to do little other than accept the proposed organization. While it would not be in our interests to contest vigorously the U.S. and U.K. views, it is felt, nevertheless, that Canada should be prepared to express her opinion on the concept of the North Atlantic.

4. To this end the attached paper has been prepared, setting down certain views which might be considered as a basis on which further discussions on this subject could be carried out.

5. I should be grateful if you would advise me as to whether this matter should now be discussed at a Chiefs of Staff meeting.²¹

F.W.T. LUCAS
for Secretary

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

TOP SECRET

A CONCEPT OF NORTH ATLANTIC DEFENCE ORGANIZATION

I. General

The concept of the North Atlantic Defence Organisation has been one of the main issues considered by the U.K., U.S. and French authorities. The most recent U.K. view suggests a limitation of scope to the planning of the defence of the Atlantic community and in particular to that of Western Europe. The French authorities on the other hand feel that the highest military planning body under the North Atlantic Organization should consider questions of world strategy. Certain U.S. views restrict North Atlantic defence planning to the North Atlantic area and indicate opposition to the extension of the functions of the planning agencies to global strategy.

²¹ Les recommandations du Comité des chefs d'état-major au Cabinet sont contenues dans le document 367.

For the recommendations to Cabinet from the Chiefs of Staff Committee, see Document 367.

II. United Kingdom Views

In the early discussions with United States and United Kingdom representatives concerning the appointment of a Supreme Commander for the North Atlantic Defence Organization, it appeared to the Canadian authorities that both the U.S. and the U.K. considered the development of global strategy an essential function of the North Atlantic Organization. However, when it became apparent that France had to be included in the top level military body, the U.K. authorities suggested that the North Atlantic Chiefs of Staff should be responsible only for the defence of the Atlantic community and of Western Europe in particular. It has become evident that the U.K. is extremely concerned regarding the status quo of the Combined Chiefs of Staff which heretofore has been the medium through which the U.S. and U.K. planned global strategy. The U.K. proposal that the North Atlantic Defence Organization be set up in London rather than Washington was based in part on the desire to leave the Combined Chiefs in Washington free to plan overall strategy without interference from representatives of other countries. The U.K. view is that world-wide strategy should be controlled by the Combined Chiefs of Staff in Washington where those responsible for highest direction should be as free as possible from the special pleading to which they would be bound to be subjected if all the lesser North Atlantic members were present.

III. French Views

The views of the French authorities are based in part on the recommendations of Western Union which in many cases has been unsatisfactory to France. This has been particularly so in the matter of the provision of forces by the United Kingdom for the defence of the Rhine. It appears certain that the French are aware that world strategic planning has been carried out by the United States and the United Kingdom. Realizing the reluctance of the U.K. and the U.S. to station additional forces in Europe, the French authorities are seeking a position on the top level military organization in order to participate in discussions concerning the overall deployment of British and American forces. They have suggested that France be included in the Combined Chiefs of Staff or, failing this, that the Combined Chiefs of Staff as presently constituted be replaced by an overall strategic planning body under the North Atlantic Defence Organization. The French are most anxious that global strategy be the responsibility of the North Atlantic Defence Organization.

IV. U.S. Views

It has been indicated by the Chairman of the Canadian Chiefs of Staff Committee that in the early discussions concerning the North Atlantic Defence Organization, the U.S. authorities considered that global strategy would be the responsibility of the top level military planning body. In furtherance of this view, ABC planning, which is global strategy, was initiated as an emergency measure until the North Atlantic Treaty and subsequently the North Atlantic Defence Organization could be developed. The U.S. authorities have not accepted the French proposals regarding the Combined Chiefs of Staff. Nor have they officially stated their views concerning the inclusion of France as a member of the top level military planning body. Until recently there has been no indication that the U.S. authorities considered lim-

iting the scope of the North Atlantic Defence Organization to that of regional defence planning.

V. Position of France

Because of her manpower and industrial potential and because of the fact that the successful defence of Western Europe will depend largely on French co-operation, France will undoubtedly be invited by the United Kingdom and the United States to sit on the top level planning body of the North Atlantic Defence Organization. Whether her representatives will act on behalf of France or on behalf of a regional defence group has yet to be determined.

French security is at present notoriously bad. This is probably one of the main reasons underlying the U.S. and U.K. proposals to limit the scope of the North Atlantic Defence Organization to that of planning on a basis of regional defence only. While such a limitation might satisfy the security requirements of the British and U.S. authorities, there is little doubt that it would be unacceptable to France. The French authorities must realize that, although the United States and the United Kingdom each participate in regional defence planning, these two great powers must at the same time be studying overall global strategy and making plans for the deployment of their forces. So long as the French are excluded from overall defence planning, they will continue to view the United States and the United Kingdom with increasing suspicion, the basis of which has resulted from unsatisfactory Western Union negotiations. A France, suspicious of its Allies, cannot be expected to become strong, economically, politically or militarily. While a strong France would be of great advantage both to Western Union and to the North Atlantic community, a France, fraught with suspicion of its Allies, could render Western Union ineffective and accordingly reduce greatly the potential strength of the North Atlantic.

If it is accepted that the French security problem is insoluble, the whole of Western Union, and consequently North Atlantic, arrangements become merely an exercise in futility. An indication by the United States and United Kingdom that they wish to bring France into overall defence planning but that such arrangement could only be possible if her security difficulties were cleared, would be the greatest incentive to action in this matter.

If use is to be made of French territory and French manpower in the development of war plans, France must be included in the top level planning organization and the solution to the problem of French security must be given priority.

VI. Overall Strategy

Article 6 of the North Atlantic Treaty specifies the area within which an armed attack would bring the provisions of Article 5 into operation. There is nothing in the Treaty, however, which limits the action "as is deemed necessary" under Article 5 to the regional area of the North Atlantic countries. As the basic purpose of the Treaty is to provide for effective and collective action to restore and maintain security of the North Atlantic area if an armed attack should occur, the restoration of security will be brought about in the most effective way by the countries of the North Atlantic Treaty. The security of an attacked country can only be restored

when the threat has been removed. This will be achieved only after the aggressor has been forced to lay down his arms; for so long as the war continues, the security of each country is imperilled regardless of the fact that its territorial integrity has not been violated.

The only country constituting a threat to world peace to-day is the U.S.S.R. If that country attacks a member of the North Atlantic community, the security of the member country can only be restored if Russia can be convinced that the continuance of war is to her disadvantage. Therefore the restoration of security of the North Atlantic community depends on the ability of the members of that community to bring to bear against the Russians a force of arms sufficient to cause the Russians to surrender. It is obvious that to plan the organization and deployment of these forces, the North Atlantic Defence Organization must develop a strategy which will produce the most efficient and effective means of destroying the Russian will to wage war. This action can only be carried out as a result of global planning.

The military objectives of the North Atlantic Organization, therefore, must be twofold:

(a) to produce sufficient forces to deter any aggression on the part of the U.S.S.R.; and

(b) to produce a plan which, if the peace is lost, will bring about the successful conclusion of the war.

To this end, the primary objective of the North Atlantic Defence Organization must be the development of a global strategy which will bring about, quickly and effectively, the destruction of the Russian war machine and at the same time will provide for the territorial defence, as far as is practicable, of all countries of the North Atlantic community.

363.

DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1878

Washington, July 13, 1949

SECRET

Following for Heeney from Wrong, Begins: My WA-1513 of June 1st, Canadian participation in Military Assistance Program.

1. Snow reopened this matter urgently with me yesterday. He said he had been attending a meeting of the Foreign Aid Co-ordinating Committee which is preparing data for the information of Congress. Hearings on the United States bill are likely to begin very shortly after the North Atlantic Treaty has been approved. The bill had not yet been introduced in Congress.

2. Snow said that they believed it would be very helpful if they could say to the Congressional Committees something more positive and specific than that the Canadian record showed that Canada could be relied on to do her fair share. He wanted to know at least whether they could state that discussions had been started with the Canadian Government on the Canadian contribution to the Program. I said that all they could say accurately at present was that they had raised the matter with the Canadian Government. I also said that I doubted whether the question could be considered by the Ministers chiefly concerned until early in August and that it seemed to me difficult, if not impossible, for us to say anything more positive at the present time.

3. I furthermore pointed out to Snow that the State Department was at pains to separate the Military Assistance Program from the North Atlantic Treaty so as to make it clear that a vote for the Treaty in the Senate does not commit the voter to support the Program. (This point has been heavily emphasized during the debate in the Senate on the Treaty). Canadian action would have to be taken under Article 3 of the Treaty and presumably in accordance with some general understanding arrived at in the agencies to be established under Article 9. Canada was not a party to the current United States program, and we would be in a position to determine what we could do most usefully only after consultation with the other parties to the Treaty.

4. I should nevertheless be glad if you would talk this matter over with Mr. Pearson before he leaves Ottawa this week to see whether he would agree to our saying something rather more positive than the views which I have expressed. It is after all very much in our interest that the Military Assistance Program should be approved by Congress with a substantial authorization of expenditure, and the argument that the Program and the Treaty are technically separate is not a very strong one. Their particular interest in Canada, of course, arises from their desire to show Congress that some country other than themselves will be a net contributor to the rearmament of western Europe. I always find it difficult to assess the real usefulness of statements of this nature in securing Congressional support. Snow said that the Coordinating Committee thought it very important.

5. Since we have been such strong advocates of the North Atlantic Treaty it is perhaps not unreasonable for the State Department to suggest that we ought now to be in a position to give some very general indication of what sort of policy we intend to pursue in giving effect to our obligations under Article 3. I fully realize the difficulties of saying something definite, but possibly we might go a little further in general terms. Ends.

364.

DEA/50030-L-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-1774

Ottawa, July 15, 1949

PERSONAL AND SECRET

Following from Heeney for Wrong. Begins. Your WA-1878 of July 13th, Canadian participation in Military Assistance Programme.

1. As I said to you on the telephone this morning I have now had an opportunity of discussing with the Minister the suggestion referred to in your message that a statement be made to the Foreign Aid Co-ordinating Committee concerning Canadian participation in military aid to Europe. The observations which follow are my own but you can take it that they also reflect accurately Mr. Pearson's views.

2. It is quite impossible to forecast at this time the nature and extent of Canada's contribution to her Atlantic allies until organization under the Atlantic Pact is accomplished and until there have been consultations thereafter between the parties to the Treaty. We had expected that considerable progress would have been made by this time upon such organization and the fact that little or nothing has been done is in no way due to us. We hope that the machinery will be established and the consultations undertaken without further delay.

3. The government fully recognizes the obligations which Canada has undertaken under the Atlantic Pact and Canada can be counted upon to play her just and proper part in the common effort to achieve the purposes for which it was signed.

4. Any pressure from the United States for a commitment at this stage, indeed any public reference to the part Canada should play, might well have quite serious results. We are certainly not impressed by what is going on in Washington at present and we sometimes think that officials there ignore the reactions which the American attitude in such matters is bound to have in this country; at the same time they continue to emphasize the importance of our example in their own political difficulties.

5. I very much hope that the State Department will not pursue any proposal that we be asked to authorize a statement concerning the nature of Canadian assistance.

6. I have not had time to send you a full or careful message on this subject but the situation is well known to you and I feel sure that you will have no difficulty in explaining it to our friends. Ends.

365.

DEA/50030-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], July 22, 1949

DEFENCE ORGANS UNDER THE NORTH ATLANTIC TREATY

Since our last conversation on this subject I have been giving some thought to the question and have refreshed my mind by looking through the file. I agree entirely with your conclusion that our efforts should be directed towards persuading the U.K., the U.S. and France that the general interest would not be served by attempting at this time to define with any greater precision than the Treaty does the role of the "defence committee" which is to be set up under Article 9 of the Treaty. Our motto should be: *Solvitur ambulando*.

2. Thus the instruction to the defence committee might merely be to "recommend measures for the implementation of Article 3 and 5" of the Treaty. If it is desired to go beyond this, some such language as the following might be used:

- (a) To recommend measures for the maintenance and development of the individual and collective capacity of the Parties to resist armed attack; and
- (b) To recommend the action that might be taken, in the event of attack, by the Parties individually and in concert to restore and maintain the security of the North Atlantic area".

3. The following points are, I think, relevant to our consideration of these questions:

(a) The official public Canadian attitude to the Treaty has been consistently that it is a method for maintaining and organizing an overwhelming preponderance of force on the side of peace, not an agency for regional defence. Thus Mr. St. Laurent, in his national broadcast of November 11, 1948, said: "Anything less than a North Atlantic Pact would give us no real hope of maintaining a preponderance of material and moral strength on the side of peace. And it is only if we can maintain an overwhelming preponderance on the side of peace that we can maintain the peace". This and other statements make clear that the Canadian Government's concept of the Treaty has been that it is in essence a great power alliance against the Soviet Union which has been given the "cover" of an agreement between countries in a certain geographical area.

(b) One of the principal arguments which we used in August 1948 in our efforts to persuade the French to be more forthcoming in their support for the Treaty is set forth in Paragraph 22 of Mr. Pearson's letter to General Vanier of August 13, 1948,²² copies of which were sent by us and by the State Department to our respec-

²² Volume 14, Document 381.

tive missions in France, Belgium and The Netherlands for their use in speaking to the governments of those countries. This paragraph reads as follows:

"The French, particularly from their experience in the last war, must be worried by the possibility that if war should break out they will have little or no say in the making of the larger political and strategic decisions by the Western allies. The conclusion of a North Atlantic treaty would make it possible to set up formal international bodies, not only for making plans for preventing war, but also for making plans for the waging of war. The establishment in peace time of these bodies would help to ensure that in the event of war France and other Western European countries had a say in the making of the larger political and strategic decisions".

(c) Throughout the discussions which led to the conclusion of the Treaty, the official Canadian position has been that one of the principal incidental advantages of the Treaty to Canada was that it would make possible the establishment in the event of war of a "constitutional" system for fighting the war under which, for example, any Commander under whom the Canadian forces were serving would receive his powers as the result of a constitutional grant of power to him from a body of which Canada was a member. Since, in the event of war against the Soviet Union, there will of necessity either have to be a Commander-in-Chief or a Commander-in-Chief in commission, this means that the Commander-in-Chief or the Commander-in-Chief in commission must be appointed by a body of which Canada is a member.

(d) One serious disadvantage in restricting the sphere of responsibility of North Atlantic Defence organs to the defence of North Atlantic Defence organs to the defence of the North Atlantic area is that this may divert the attention of governments and their defence advisers from the paramount importance of working out a grand strategic concept which would result in the earliest possible defeat of the enemy. The grand strategic concept cannot be based on holding Maginot lines but must include the mounting of offensive operations as soon as possible after the outbreak of hostilities.

4. In peace time the North Atlantic alliance has two main objectives. The first is to deter the Russians by persuading them of the certainty of overwhelming defeat if they should embark on war; in order to persuade them of this certainty, everything possible must be done to organize and maintain a grand alliance against them ready to take the offensive if attacked. The second objective in peace time is to build up increasing confidence in Western Europe that if there is war with the Soviet Union the Allies will take effective measures to prevent a Russian occupation of Western Europe.

5. It is necessary to maintain a very careful balance between these two objectives. It is in the long-run interests of all members of the alliance that this balance should be maintained, although the members will naturally differ in the degree of relative importance which they attach to the two objectives. A successful effort to restrict in advance the sphere of responsibility of North Atlantic defence organs would do

nothing to lessen these differences of opinion. It would merely mean that there would be no formal organ in which attempts could be made to reconcile them.

E[SCOTT] R[EID]

366.

DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2094

Washington, August 6, 1949

TOP SECRET

Your EX-1927 of August 5th,† North Atlantic Treaty.

1. I think that the organization of the Council, at any rate at first, should be very simple. This is based on my estimate of how the Council is likely, in fact, to operate. Made up, as it will be, of representatives of States of all sizes between that of Iceland and that of the United States, it is not likely to become a body which meets frequently or requires lengthy sessions. It will in practice, I think, register decisions for formal submission to the parties which have already been agreed upon in the subordinate treaty agencies or in diplomatic negotiations.

2. By the Treaty, the functions of the Council are limited to consideration of "matters concerning the implementation of this Treaty". The only requirements covering its organization are that all the parties shall be represented on it and that it shall be able to meet promptly at any time. The Foreign Ministers agreed on April 2nd that the representatives on the Council should be Foreign Ministers of plenipotentiaries able to speak for their Governments.

3. As the Council will probably meet infrequently, you might consider whether it should be required to meet at least every six months. It is difficult to decide how it should be served. Since the North Atlantic Treaty is much narrower in scope than the Brussels Treaty, I doubt that provision should be made for a permanent Commission on the Brussels model. This might come later if the need arose. I think that the Secretariat will also be unimportant. An archivist and a few clerks may be essential, although these services might be furnished by the host Government.

4. The first meeting, which may possibly be held in September, may be confined to a single sitting for the approval of recommendations to which the Governments are already committed after they have been discussed in the Working Group. This, I know, is in the mind of the State Department.

5. This estimate of how the Council will operate represents my own expectations rather than my view of how it ought to operate. There will be reluctance in Washington, and I think in some of the other Capitals, to the development of the Council into a substantial body of machinery with Standing Committees and Special Committees busy drawing up reports.

6. As to the Headquarters, if my estimate of probabilities is correct this does not matter very much. The requirement that the Council should be able to meet promptly at any time may best be fulfilled by convening each meeting in the most convenient Capital. If, however, the Council becomes a more continuously active body than I anticipate, it should have its Headquarters in an important Capital—Paris, London, or Washington—at which all the parties have diplomatic Missions.

367.

DEA/50030-40

*Note du secrétaire du Comité des chefs d'état-major
au Cabinet*

*Memorandum from Secretary of Chiefs of Staff Committee
to Cabinet*

TOP SECRET

[Ottawa], August 9, 1949

NORTH ATLANTIC DEFENCE ORGANIZATION²³

Steering Committee

1. As a result of the recent proposals made separately by the United Kingdom Chiefs of Staff and the United States Joint Chiefs of Staff, the Chiefs of Staff Committee consider it essential to make certain recommendations which, if approved by Cabinet, will provide additional guidance for the Canadian representative on the Working Group of the North Atlantic Defence Organization.

2. In the organization for defence, both the United States and United Kingdom Chiefs of Staff propose a Steering Committee, the functions of which are not clearly defined. While the views of the U.S. and U.K. Chiefs of Staff are similar, the composition of the Steering Committee is not the same in both plans. The U.K. proposal shows Canada as a member of this Committee, along with the United Kingdom, the United States and France. There are indications that the U.S. Joint Chiefs of Staff do not consider that the Steering Committee should be enlarged to include Canada.

3. Bearing in mind the previous decision of the Cabinet, the Canadian Chiefs of Staff continue to recommend that Canada should not seek an invitation to sit on the Steering Committee and hold with the previous decision that, if such invitation is forthcoming, it should be accepted. While Canada may not be a member of the Steering Committee, it is likely that she will be a member of one or more regional defence planning groups. The Canadian Chiefs of Staff recommend that our representative on the Working Group should insist that Canadian representatives participate fully in any discussions in the Steering Committee concerning the use or employment of Canadian resources in areas outside those of the regional defence planning organizations of which Canada is a member.

²³ Le Cabinet donna son approbation en principe aux recommandations contenues dans cette note, le 10 août 1949.

Cabinet approved the recommendations in this memorandum in principle on August 10, 1949.

Scope of the North Atlantic Planning

4. There has been a distinct difference of opinion as to the extent of the functions of the Steering Committee. While both the United States and the United Kingdom are opposed to having the North Atlantic Organization prepare strategic plans on a global basis, France, on the other hand, considers that the top North Atlantic military body should be responsible for strategic planning without geographical or other limitations. The Canadian Chiefs of Staff are of the opinion that an attempt to define in advance, with any greater precision than does the Treaty itself, the role of the Defence Committee, might lead to serious conflict at the outset, and that the object should be to let the nature and extent of the Committee's functions enlarge as the discussions proceed.

5. It is recommended, therefore, that the instructions to the Defence Committee from the Council of North Atlantic Foreign Ministers might merely be to recommend measures for the implementation of Articles 3 and 5 of the Treaty. If the French insist on more precise terms of reference for the senior military committee, the following compromise might be satisfactory:

"(a) To recommend measures for the maintenance and development of the individual and collective capacity of the Parties to resist armed attack; and

(b) to recommend the action to be taken in the event of an attack by the Parties individually and in concert to restore and maintain the security of the North Atlantic area."

6. To this end the Chiefs of Staff recommend that the Canadian representative on the Working Group should endeavour to prevent any effort to determine in advance the precise scope and functions of the Defence Organization.

Regional Organization

7. Both the U.K. Chiefs of Staff and the U.S. Joint Chiefs of Staff have suggested certain regional organizations, the purpose of which will be to plan the defences of the respective regions. These are as follows:

- (a) Western Europe
- (b) The Western Mediterranean
- (c) Northern Europe
- (d) The Atlantic Ocean
- (e) North America.

8. The U.K. Chiefs of Staff include Canada in the North American and Atlantic Ocean organizations. The U.S. Joint Chiefs of Staff, in addition to the North American and Atlantic Ocean organizations, also include Canada as an observer in the Western Europe organization, similar to the position shown for the United States.

9. It has been noted that the U.K. proposal for Western Europe deletes Canada as an observer but includes the United States as a full member. If the United States does not accept full membership in the Western Europe organization, but retains its present status as an observer, the Chiefs of Staff recommend that Canada also continue to be an observer on the Western Europe organization. On the other hand, if the United States becomes a member of Western Europe organization, the Chiefs of

Staff recommend that the Canadian position be examined in the light of that arrangement.

North American Defence Organization

10. The U.K. Chiefs of Staff, in their proposals for the Defence Organization for North America, refer to the Permanent Joint Board on Defence and suggest that the North American organization be brought into line with the other regional Chiefs of Staff Committees.

11. The responsibility for Canadian participation in the U.S.—Canadian Defence Planning was delegated to the Canadian Chiefs of Staff by the Cabinet Defence Committee on 4th December, 1945. While the Permanent Joint Board on Defence is an advisory body to the United States and Canadian Governments on joint defence matters, it has never been responsible for defence planning.

12. The Chiefs of Staff recommend, therefore, that, while the Permanent Joint Board on Defence should continue its normal functions, the responsibility for North American Defence Planning insofar as Canadian participation is concerned, should continue to be that of the Canadian Chiefs of Staff.

Location of Steering Committee

13. In studying the overall problems of the North Atlantic Defence Organization, it has become obvious that the Supply Organization which will be necessary under the North Atlantic Treaty must work side by side with the Military Organization. It is considered that the Supply Organization can be suitably located only in Washington. The Chiefs of Staff therefore feel that their previous recommendation, in which Washington was considered preferable as the location of the Military Organization, is now further strengthened by the necessity of locating both the Military and Supply Organizations at the same place.

J.D.B. SMITH

368.

DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2154

Washington, August 12, 1949

TOP SECRET

North Atlantic Treaty Organization.

This morning Ignatieff and Rogers were invited to the State Department for conversations with Achilles and Galloway about the North Atlantic Treaty Organization. They were given two copies of four outline diagrammatic plans which had been taken to Europe by the United States Chiefs of Staff as a basis for discussions on their tour. One copy of each of the four plans is being sent to you under despatch No. 1908† in to-morrow's bag, and the other is being retained here. General

Gruenther will probably give copies of these plans to General Foulkes when he arrives on Monday, but he can see them at the Embassy if he would like to do so before proceeding to his meeting with General Gruenther.

2. The four plans were shown to the Europeans without any indication as to their source. Achilles said that plan "A" was an early British suggestion, plan "B" was the United States suggestion, plan "C" was a Canadian suggestion (cf. General Foulkes' paper of 7th March), and plan "D" was prepared by the United States Chiefs' Staff as a "straw man" in the hope that it would appeal to nobody because it was too weak.

3. The Europeans, Achilles said, expressed a preference for plan "B", which is basically known to you already. At the top there is the Council set up by Article 9. Directly under it is a North Atlantic Defence Committee composed of Ministers of Defence. Under the North Atlantic Defence Committee are two bodies: a North Atlantic Military Supply Board composed of representatives of each signatory; and a North Atlantic Military Advisory Council composed of a military representative of each signatory on the Chief-of-Staff level. Subordinate to the North Atlantic Military Advisory Council is a Steering and Executive Group, and working for this latter group is a North Atlantic Military Staff headed by a Director. All these bodies are related to each other, in the manner shown, for policy direction. Membership on the Steering and Executive Group would be confined to the United States, the United Kingdom, and France, and would exclude Canada, though in cases where our interests were deemed to be directly concerned, we should have the right to appear before the Group. Achilles indicated that the consideration involved was the potential Canadian military contribution.

4. There would, in addition, be five regional planning groups as follows:

(1) Canadian-United States Regional Planning Group

Canada
United States
(preferably MCC)

(2) Western European Regional Planning Group (Western Union Chiefs of Staff Committee)

United Kingdom
France
Belgium
Netherlands
Luxembourg
United States*
Canada*
Italy**
Denmark**

(3) North Atlantic Ocean Regional Planning Group

United States
United Kingdom
Canada
Portugal

France**
 Norway**
 Denmark**
 Iceland**

(4) Northern European (Norway—Denmark) Regional Planning Group

Norway
 Denmark
 United States**
 United Kingdom**

(5) Western Mediterranean Regional Planning Group

Italy
 France
 United Kingdom
 United States
 Portugal**

5. These regional groups would all be co-ordinated by the North Atlantic Military Advisory Council but would not be subjected to any command-relationship under it. By way of further explanation, countries marked with a single asterisk are meant to maintain their "present relationship" and countries marked with two asterisks are meant to participate "as appropriate".

6. Achilles said that he thought that the European members would not be satisfied with the United States and Canada participating in the Western European Regional Planning Group only as observers. The United States armed forces, however, were reluctant to have United States responsibilities in the Western European Regional Planning Group extended beyond participation as observers because of the composition of the Group and because of the possible military commitments involved. Achilles thought that this group would be made up of exactly the same men as the Western Union Chiefs of Staff Committee: Because of this identification of personnel, the Americans would want to keep their connection as tenuous as possible to avoid increasing their commitments for the land defence of Western Europe.

7. There was also some difference of opinion about the nature of the North Atlantic Military Staff. The British were in favour of having it as a Secretariat, while the Americans leaned towards having it act as a genuine military staff to prepare the way for the work of the Steering and Executive Group.

8. Achilles particularly wanted to have even our preliminary reaction to the following points:

(a) Our exclusion from the Steering and Executive Group.

(b) The possibility that the Canadian—United States Regional Planning Group might be cut off the chart entirely in order to avoid having it report through the multi-national North Atlantic Military Advisory Council, and submit plans to it. A later conversation this afternoon disclosed that thinking in the State Department is veering away from this possibility and now tends to favour its retention.

(c) For the reasons given in paragraph 6 above, the United States favours being represented on the Western European Regional Planning Group by observers as at

present. Achilles wants to know if we would prefer to maintain observer status or seek fuller participation in Western European military planning at an earlier stage.

(d) The elimination of an economic advisory body which the Chiefs of Staff had originally included in their chart on the level of the North Atlantic Defence Committee or the North Atlantic Military Supply Board (Achilles was not sure which). Achilles wanted to know if we had any views on this. The economic body, incidentally had had as its purpose the assessment of economic factors affecting defence; it was not intended to implement Article 2 of the Treaty.

9. Thereafter the conversation broadened to include a discussion of the programme of the working group. The State Department hopes to initiate talks on 22nd August with the Council to meet about 15th September. The State Department hopes that the working group will be able to prepare an agenda for the North Atlantic Council which would include subjects other than the organizational problem of defence, though no indication was given of what such items might be.

10. The State Department, instead of presenting the working group at its opening meeting with a proposal for a defence organization, plans to give it nothing except a suggested agenda, and Achilles indicated that they would welcome suggestions for the agenda from us ahead of the meeting.

11. Achilles was of the opinion that there would be much less difficulty with the French this time as "the heat is off" now that they are satisfied they will be on the Steering and Executive Committee.

12. The State Department invited further informal exchanges of views with us. If, therefore, there are any points you would like to have clarified or taken up with them, your comments would be appreciated.

369.

DEA/50030-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2021

Ottawa, August 19, 1949

TOP SECRET

Following from Heeney. Begins: Reference your WA-2154 of August 12, North Atlantic Treaty Organization.

1. As the Minister is absent from Ottawa, he has not yet had an opportunity to consider the various aspects of your teletype under reference or to approve instructions to the Canadian representatives taking part in discussions in the Working Group which, I understand, are to commence on August 22. The observations expressed below (with the exception of the Cabinet recommendations which you have already received) are, therefore, my own although I think you may assume that they also reflect accurately Mr. Pearson's views.

2. In general I would hope that the Working Group would not attempt at this stage to formulate any precise or complete blueprint for the whole Organization. The organs under the Treaty, which are to be set up at this time, should be confined to those which are immediately essential. Additional bodies could be set up when the need for them is clearly established. It would, I think, be in order for you to express this view to the State Department.

3. In your teletype under reference, I note that Achilles has expressed the opinion that there would be less difficulty with the French "now that they are satisfied they will be on the Steering and Executive Committee". I feel that the conflict of view between the U.S. and the U.K. on the one hand and the French on the other as to the scope of planning to be undertaken by the military organization is fundamental and I have seen no indication to date that a reconciliation has been achieved. I think it would be desirable, therefore, for you to approach the appropriate U.S. authorities pointing out that we consider that the general interest would best be served by limiting reference of the Senior Military Committee to general terms and by avoiding any attempt at this time to define the Committee's role with any greater precision than does the Treaty itself. Thus the instructions to the Defence Committee from the Council might merely be to "recommend measures for the implementation of Articles 3 and 5". I would hope that neither the United States nor the United Kingdom will raise the question of the terms of reference in the Working Group. If the French do, I would suggest some such language as the following might be a satisfactory compromise:

"(a) to recommend measures for the maintenance and development of the individual and collective capacity of the Parties to resist armed attack, and

(b) to recommend the action to be taken, in the event of an attack, by the Parties individually and in concert to restore and maintain the security of the North Atlantic area."

4. If such terms of reference (which admittedly avoid the issue) are accepted by the United Kingdom, the United States and France, the possibility of a early impasse in the establishment of the organization might be averted. We would hope that the conflict between the notions of regional and global planning could in practice be reconciled within the organization as experience dictated. On the one hand, any demand by the French for the tabling of U.K., U.S. strategic plans might be prevented; on the other hand, regional planning under the Treaty could go ahead on a realistic basis so long as the United Kingdom and the United States are willing to reveal and discuss in the North Atlantic Steering Committee the more important aspects of their strategic plans. In regard to the latter, I do not see how it would be possible to avoid some discussion of the wider issues in the North Atlantic Organization; at the same time, we agree that it would be a considerable (and unnecessary) embarrassment to the U.K. and U.S. if they were called on to table their complete overall plans.

5. In paragraph 8 of your teletype under reference, you indicated that the State Department wished to have our preliminary reaction on the following questions related to the North Atlantic Organization:

(a) the possibility that Canada may be excluded from the Steering and Executive Group;

(b) whether Canada would agree to the elimination from the North Atlantic Organization of an economic advisory body;

(c) whether Canada would prefer to maintain its present observer status on Western Union or whether Canada would seek fuller participation in Western European planning at an early stage;

(d) the possibility that the Canadian/U.S. regional planning group might be excluded from the North Atlantic Organization.

6. With respect to (a), the composition of the Steering and Executive Group, you have already received the Chiefs of Staff Committee recommendation approved by Cabinet on August 10 (my EX-1971 of August 12)† reaffirming that Canada would not seek an invitation to sit on the Steering Group, but that, in the event such an invitation were forthcoming, it would be accepted. I am happy to note that Achilles has pointed out that if Canada were not included on the Steering Group, our representatives would have the right to appear before the Group in cases where our interests were deemed to be directly concerned. In this respect, I note that all the signatories will be accorded membership on the Military Supply Board and I would hope myself that, if any Supply Executive Group were subsequently established, Canada would be accorded membership. Thus, consultation by the Steering Group (which I consider essential when our interests are involved) and membership on the Military Supply Board and on any subordinate executive body will probably serve to protect our interests reasonably well.

7. With respect to (b), the omission under the U.S. plan of an Economic Advisory Council, we agree that this would be desirable at this stage. Some economic agency may have to be created at a later date for the purpose of considering the various economic and financial problems arising particularly from pledges of mutual assistance. However, it is considered that the Military Supply Board, at least at the outset, will be able to give consideration to the majority of the economic and financial problems affecting defence. I think, therefore, that our general approach at this stage should be that it would be undesirable to establish a special economic committee until such time as its need can be clearly demonstrated.

8. With respect to (c), you have already received Cabinet's conclusion of August 10, "that, in the event the United States remained as an observer in the Western Europe organization, Canada should also continue to be an observer on that organization; if, however, the United States became a member of the Western Europe organization, the Canadian position should then be re-examined in the light of that arrangement". It might perhaps be pointed out to the State Department that Canada shares the reluctance of the U.S. to become more closely related to Western Union and, for your own information, we would not wish that the present happy arrangement be prejudiced whereby Canada participates as an observer on an equal basis with the United States in the Western Union deliberations.

9. The relationship of the Canadian/U.S. planning body to the North Atlantic Defence Organization raises special problems and I shall send you my preliminary views on this subject when I have had a chat with Foulkes. Our present view in the

Department is that it would be both undesirable and unnecessary to establish a "North American Chiefs of Staff Committee" in an effort to parallel the other North Atlantic regional Chiefs of Staff Committees.

10. In paragraph 2 of your WA-2185 of August 16,† you asked for our views on the time and place for the meetings of the Council and Defence Committee. As both Mr. Pearson and Mr. Claxton are absent from Ottawa, I cannot give their views for the present. We will endeavour to do so early next week.

11. With regard to the character of representation at the Working Group meetings, my view is that we would be willing to accept the U.S. decision on whether military representatives should attend. I would appreciate your comments on this aspect.

370.

DEA/50030-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2061

Ottawa, August 24, 1949

TOP SECRET

Following from Heeney: Further to my EX-2021 of August 19, North Atlantic Defence Organization.

1. The views expressed below on questions related to the North Atlantic Defence Organization arising in the Working Group discussions, have received the approval of the Chiefs of Staff Committee, which met in a special session August 22 with Norman Robertson and myself. The suggestions set forth below, therefore, are for the guidance of Ignatieff in the Working Group.

(a) *Status of Future Canadian Representation on the Western European Group*

It seems to me unlikely that the United States will become a full member of Western Union. On the assumption that Western Union will be the regional planning group for Western Europe, the present arrangement whereby the United States "participates as an observer" in Western Union deliberations should meet all practical U.S. requirements. Their observers have and exercise the right to express opinions in and present proposals to the various Western Union military bodies. Full membership in Western Union might tend to increase pressure upon the United States for heavier financial and military commitments in Western Europe. For this reason, we think that it would be unacceptable to Congress. It has been suggested that the United States might accept an intermediate position between that of observer and that of full membership. In this event the Canadian position might require re-examination but we do not understand what such an "intermediate" position would entail.

The present Canadian relationship to Western Union is satisfactory from our point of view. The Canadian observer appears to enjoy an equal status with the U.S.

observer in the Western Union deliberations and, so far as can be gathered, receives almost all of the information which is made available to the United States. It is unlikely that the Canadian Government would wish to become more closely associated with Western Union—even if the United States should do so. In any event, Canada's position can be distinguished from that of the United States since no Canadian forces remain in Europe.

(b) *The Canadian Position with respect to the Steering Group*

(1) The Chiefs of Staff have recommended that if Canada is not included on the Steering Group, some formula should be sought under which our representatives would have the right to appear before the Group where our interests are directly concerned. The general principle should, therefore, be established that in any case where the Steering Group planned the use of forces or facilities of any signatory outside the regional grouping of which that signatory were a member, that signatory should have the right to participate, as a member, in the deliberations of the Steering Group.

(2) You will recall that this principle of Canadian participation in planning the employment of Canadian resources was stated in the memo of August 9, 1949, (EX-1971 of August 12) approved by Cabinet on August 10. As it now seems improbable that we will be on the Steering Group, you should emphasize the importance we attach to its acceptance in theory and in practice. In putting it forward you should do so in general terms which would be applicable to any signatory, although in practice its application would be particular to Canada which would be the only non-member of the Steering Group having resources likely to be required outside its own regional grouping.

(3) The choice of the term "Steering" as applied to the Central or Executive Committee is, in our opinion, unfortunate. We would consider that a more suitable and acceptable designation would be "Continuing", "Standing", "Executive" or even "Sub" Committee. We also think that the Military Advisory Council should be called the "North Atlantic Chiefs of Staff Committee", or in any event that the words "Advisory" and "Council" are objectionable.

(c) *The North American Regional Organization*

While it would, I think, be unnecessary to establish a "North American Chiefs of Staff Committee" in an effort to parallel precisely the other North Atlantic Regional Chiefs of Staff Committees, the Canadian Chiefs of Staff feel it might be advantageous to meet with the U.S. Joint Chiefs of Staff on occasion. It is felt that the present machinery for Canada-U.S. planning, i.e.: the Canada-U.S. Military Co-operation Committee is satisfactory and should continue to be utilized. If the other signatories feel that for the sake of consistency comparable North American machinery should be established, we would probably be willing to consider the formal creation of a North America Chiefs of Staff.

(d) *Canada's position with respect to the Military Supply Board*

It appears likely that a Military Supply Board will be set up to parallel the North Atlantic Military Advisory Council, the Board to consist of a high level representative (military or civilian) from each of the Treaty powers. The Board will presumably be responsible for advising the Defence Committee on the supply implications

of the defence plans. It seems to us that it may become necessary to establish a Supply Executive Committee (or a Continuing Committee). For obvious reasons our case for membership on such an executive committee would be very strong.

(e) *Functions of the Military Council (and Steering Group)*

The problem of the relationship of the Steering Group (Continuing Committee) to the Military Advisory Council (North Atlantic Chiefs of Staff Committee) is an extremely important one. The Steering Group should, we feel, be provided for and perhaps actually nominated by the Defence Committee. Alternatively the North Atlantic Chiefs of Staff organization could name their own Steering Group (For my part the former procedure would seem more appropriate). The Steering (or Executive) Committee should function as a part of and work on behalf of the North Atlantic Chiefs of Staff.

(f) *Meetings*

The date suggested by the State Department, September 15, for the first meeting of the Council would, in the Minister's view, be inconvenient and inappropriate—inconvenient for us because Parliament assembles on that date and the Minister would find it exceedingly difficult if not impossible to be absent from Ottawa; inappropriate because it would be on the very eve of the Assembly meeting and would certainly be seized upon for propaganda purposes. Mr. Pearson thinks that the first meeting of the Council might take place in Washington after the Assembly has got down to work, say at the end of September or beginning of October.

We consider it important that the organization under the Treaty should be set up with a minimum of delay. But it may prove impossible to agree in advance of the first meeting of the Council on the precise scope and functions of the defence organization. The first meeting of the Defence Committee should take place as soon as possible after the first meeting of the Council.

We will be sending you more detailed instruction possibly today.

371.

DEA/50030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, August 26, 1949

I attach for your information a memorandum summarizing the discussions which have taken place in the Washington Working Group with respect to the North Atlantic Treaty Organization.²⁴

A.H.[EENEY]

²⁴ Note marginale:/Marginal note:

I passed on the substance of this orally to the PM who approves the line that we are taking in Washington LB P[earson]

[PIÈCE JOINTE/ENCLOSURE]

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

Ottawa, August 26, 1949

TOP SECRET

NORTH ATLANTIC DEFENCE ORGANIZATION

Summary of Progress

The first meeting of the Working Group, composed of representatives of the North Atlantic Treaty nations, met on August 23 to produce recommendations which would be submitted to the respective governments on the organization to be established under the Treaty. Canada was represented at the meeting by Mr. Ignatieff of the staff of the Canadian Embassy in Washington.

2. Under the procedure being followed by the Working Group, no votes are being taken, the Chairman merely summing up the consensus of opinion of the meeting. Early next week, a report will be drafted and submitted to governments for their comments in the light of which the draft will be revised. The final draft will, no doubt, be presented for approval to the first meeting of the Council.

3. At the outset of the discussions, the United States representative stressed the necessity for speed pointing out that, in order to ensure Congressional support for the continuation of the arms programme, action should be taken under the Treaty to complete plans for the organization, as well as military plans for the implementation of Articles 3 and 5 of the Treaty, by March 31, 1950. The U.S. representative, therefore, proposed that the first meeting of the North Atlantic Council (composed of Foreign Ministers) should be called in Washington for September 15 and that the Defence Committee (composed of the Ministers of Defence) should meet within a week thereafter, preferably in Washington.

4. On instructions, the Canadian representative pointed out that the date suggested by the State Department, September 15, for the first meeting of the Council would coincide with the opening of the Canadian Parliament and that it would be most inappropriate to hold the first meeting of the Council immediately prior to the opening of the U.N. General Assembly for it might be expected that the Soviet bloc would exploit it to the full for propaganda purposes. He proposed that the first meeting of the Council might take place in Washington after the Assembly had got down to work. The majority of signatories, however, agreed with the U.S. recommendation and it was agreed that the first meeting should be held in Washington on September 17.

5. With respect to the first meeting of the Defence Committee, no definite time or place of meeting has been agreed upon. The Canadian representative has expressed the opinion that the meeting should take place in Washington as soon as possible after the meeting of the Council.

6. The United States representative to the Working Group also suggested an outline of the organization under the Treaty. Under the U.S. plan, the highest political body would consist of the Council, meeting perhaps once a year with no permanent headquarters. The terms of reference of the Council should be the entire Treaty.

7. Under the Council would be a Defence Committee composed of the Ministers of Defence of the signatory states having general terms of reference such as "recommending measures for the implementation of Articles 3 and 5". It was felt that the Defence Committee would need to meet somewhat more frequently than the Council.

8. Serving the Defence Committee would be a Military Advisory Council composed of representatives of all the signatories at a Chiefs of Staff level. The Military Advisory Council would be responsible for formulating recommendations to the Defence Committee on the measures necessary for unified defence and for providing general guidance to the regional defence groups. The Council would have a permanent site, probably Washington, and meetings would be held as required.

9. In permanent session would be a Steering or Executive Group composed of representatives, at the Chiefs of Staff level, of the United States, United Kingdom and France. The Steering Group would give policy guidance to the regional groups on the co-ordination, unification and integration of regional defence plans and would also make recommendations to and presumably receive direction from the Military Advisory Council.

10. A Military Supply Board would also be established consisting of representatives of each of the signatories. The Supply Board would parallel the Military Advisory Council and would be responsible for advising the Defence Committee on the supply implications of the defence plans.

11. The Canadian representative has been instructed that if Canada is not included on the Steering Group, some formula must be sought under which our representatives would have the right to appear before that Group where our interests are directly concerned. He has, therefore, stressed that a general principle should be established that in any case where the Steering Group plan the use of forces or facilities of any signatory outside the regional grouping of which that signatory were a member, that signatory should have the right to participate, as a member, in deliberations of the Steering Group. (Mr. Ignatieff reports that this proposed formula appears to have been favourably received.) It was pointed out by the Canadian representative that the Canadian Government considers it of paramount importance that Canadian representatives should participate from the initial stages in any planning involving the use of Canadian resources or military manpower. Otherwise, plans might be presented to us for approval in the framing of which our representatives would have no voice and the rejection of which by the Canadian Government might prove politically embarrassing.

12. Although nomenclature is probably not of great importance, the terms "Military Advisory Council" and "Steering Group" seem rather objectionable. Mr. Ignatieff was instructed to suggest that the term "North Atlantic Chiefs of Staff Committee" would be more appropriate and less confusing than "Military Advisory Council" and that such terms as "Continuing Committee" or "Standing Committee"

would be preferable to "Steering Group". Mr. Ignatieff reports that these suggestions appear to have been favourably received.

13. Further meetings of the Working Group will be held next week and I shall keep you fully informed as to the progress of the discussions.

A. H[ENEY]

PCO

372.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

Ottawa, August 31, 1949

TOP SECRET

NORTH ATLANTIC TREATY; DEFENCE ORGANIZATION; PROGRESS REPORT

21. *The Secretary of State for External Affairs*, referring to discussion at the meeting of August 10th, reported that representatives of the signatory countries were now meeting in Washington to draft proposals on the organization that should be established under the North Atlantic Treaty. The report of the working group would be presented to the first meeting of the North Atlantic Council and then be submitted to governments for their consideration.

The proposed organization would include a North Atlantic Council composed of Foreign Ministers (this was scheduled to hold its first meeting on September 17th); a Defence Council composed of Ministers of Defence (which was scheduled to hold its first meeting on October 5th); a Military Advisory Council composed of representatives of all the signatories at the Chiefs of Staff level; a Steering or Executive group composed of military representatives of the United States, the United Kingdom and France; a Military Supply Board composed of representatives of all the signatories; and five regional planning groups.

The government had already agreed that Canada should participate on the Steering and Executive Committee if invited to do so. However, despite earlier indications to the contrary, the inclusion of Canada had not been suggested. As this was the main planning body, the acceptance of some formula was sought whereby Canada would be represented when our interests were directly concerned. If suitable provision was made for this, Canada would then be able to participate on appropriate occasions in the planning stage and this was regarded as a satisfactory arrangement.

A U.S. proposal to establish an economic advisory committee on defence programmes (to consider payment problems and recommend defence production programmes) had been opposed by the Canadian representative on the working group and there were indications that the U.S. idea would be modified.

It was recognized that the establishment of the North Atlantic organization and the work of the various bodies would create many problems for the signatory countries. In general, the attitude being taken by the Canadian representative on the working group was that these should be met progressively as they arose rather than

attempt to solve them at this time. The Canadian representative had made a number of suggestions, including changes in nomenclature, and for the most part these had been accepted.

(External Affairs memorandum, Aug.31, 1949).†

22. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs on the progress being made towards the establishment of a defence organization under the North Atlantic Treaty.

373.

DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2370

Washington, September 1, 1949

TOP SECRET

North Atlantic Treaty. Standing Group and participation of non-members.

2. Reference my messages WA-2345† and WA-2354†, Achilles spoke to Ignatieff Thursday, September 1, in order to ask that we should not continue to press too hard for a "water-tight" formula on the question of participation of non-members in the Standing Group, as he said that Canada could be quite assured of having its interests fully protected as far as the Standing Group was concerned because of our special relations with the United States and the United Kingdom. He suggested that it was to our interest as much as to that of the United States and the United Kingdom that the Standing Group should be enabled to operate effectively. He said that the formula, as it left the Working Group yesterday, had been referred to the United States Chiefs of Staff, who were somewhat perturbed at the idea that non-members should have too free an access to the Standing Group. Achilles said he expected to have the reaction of the United States Chiefs of Staff in a day or two, and said that he would indicate what these were to Ignatieff privately. He welcomed our reactions informally also. Ignatieff took the occasion to point out that the Canadians' interests were specially involved in the question of participation in the Standing Group as in our case the use of forces and facilities outside our own region was more likely to arise than in the case of the other non-members of the Standing Group. Achilles said this point was fully appreciated on the United States side, and again said that, in practice, our interests would be fully safeguarded by the suggested formula.

3. The conversation then turned to the composition of the Regional Groups. Achilles said that it was the United States hope that the Working Group would attempt to define, as far as possible, for consideration of Governments, what respective composition the groups should be as this was primarily a political question. On the other hand, the definition of the degree or nature of participation of non-members in respective groups might be left to be worked out in detail by the

military. Achilles said that the United States association with the western union as well as with the other European Regional Groups would almost certainly be on the basis of full participation in planning as non-members. He explained this association by saying that it would be full participation on the lower planning staff level without membership or representation in the higher regional bodies. In this way the United States would have an opportunity to participate in the formulation of regional defence plans without necessarily becoming involved in specific commitments in each region in regard to their forces and facilities. He confirmed Ignatieff's understanding that the Western Union Group were now less anxious to accept full United States membership as it would be difficult in that event to refuse full membership to Italy, especially since that claim is now being sponsored by France.

374.

DEA/50030-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2166

Ottawa, September 2, 1949

TOP SECRET

Following from Heeney, begins. Reference North Atlantic Treaty Working Group.

1. Following a recommendation by the Canadian Chiefs that the composition of the Standing Group should be decided by the Defence Committee and perhaps be delegated to the Military Committee, the problem was discussed with both the Minister of National Defence and our Minister. The Chiefs of Staff had pointed out that it would be more constitutional for the Military Committee to name the members of its own sub-committee. In addition, they felt that it might be easier to provide for increased membership on the Standing Group in the future if members were named by the Military Committee rather than by the Council.

2. Our Minister explained to the Minister of National Defence that we had originally suggested (our EX-2061 of August 24) that the Steering Group should be provided for and perhaps actually nominated by the Defence Committee or alternatively by the Chiefs of Staff Organization. It was pointed out that this proposal was not satisfactory to the other members of the Working Group. Further, a formula for participation when our interests were directly concerned had been accepted by the Working Group and would adequately protect our interests. (The formula is that given in paragraph 2 (b) of your WA-2354 of August 31).†

3. It was agreed, therefore, that you should not reopen in the Working Group the question of the composition of the Standing Group. It was felt that by so doing the continued acceptance of the formula for participation might be prejudiced.

4. Referring to your WA-2370 Sept 1, the formula for participation by non-members in the work of the Standing Group should be regarded as a minimum Canadian

requirement. The Canadian Government would not be willing to accept the concept of a Standing Group on which Canada was not represented without such a formula. You should, therefore, oppose any suggestion on the part of the United States to alter the formula set forth in paragraph 2(b) of your WA-2354. The Minister continues to feel that the word "resources" should be referred to in that formula.

375.

DEA/50030-40

*Note du secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*
*Memorandum from Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], September 3, 1949

As I indicated to you orally yesterday, I am somewhat disturbed by the attitude taken by Achilles in regard to participation of non-members in the Standing Group, and which is referred to in the attached telegram²⁵ from Ignatieff. We must stand firm on this, no matter what the United States Chiefs of Staff may think. I shall take advantage of my visit to Washington to make our position quite clear to Achilles and others concerned, although Ignatieff, who seems to be handling this matter in Washington very effectively, has probably already done that.

L.B. P[EARSON]

376.

DEA/50030-40

*Note du secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*
*Memorandum from Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

[Ottawa], September 3, 1949

As I mentioned to you over the telephone a few minutes ago, I was quite disturbed by the attached story in this morning's Citizen on "Canadian disappointment" at being "excluded" from the Steering Committee of the North Atlantic Defence Council.²⁶

I talked to Ross Munro about this matter yesterday and emphasized that there was no disappointment, and that our sole aim was to make sure that Canadian interests were protected by Canadian representatives whenever they were discussed by the "Standing Committee". One way to ensure this would be by membership on that Committee; the other way by participation in its work whenever anything of direct interest to Canada was under consideration. I told Munro that either of the above procedures would be satisfactory to us. I told him that we were quite satis-

²⁵ Document 373.

²⁶ Ross Munro, "Canada May Be Excluded From Groups," *The Ottawa Citizen*, September 3, 1949.

fied with developments in the North Atlantic discussions now going on in Washington.

Munro, however, must have spoken to National Defence and received a different impression—hence this morning's story.

I have also talked to him this morning expressing my irritation at the wrong emphasis given in this story. He was very apologetic and stated that the Citizen had left out that part of the story which explained our position as stated above in regard to Canadian participation in matters before the Committee of interest to Canada. He admitted that he had also talked to National Defence "authorities" who had, on the other hand, expressed the disappointment to which he refers in his article. I told him that any of the soldiers or others in National Defence were misleading him if they took this line, and that they did not know what they were talking about if they attempted to represent it as government policy. I pointed out to him that no doubt some of them would be disappointed if Canada were not represented on this inner group, but that their disappointment was personal and not governmental.

I am almost more disturbed by the attitude being taken by National Defence people, and the fact that they are apparently talking to and misleading the press, than I am by Munro's article. I think that it would be a good idea to have a word with Claxton about this, or even better, to send him a memorandum on these lines, a copy of which could go to the Prime Minister.

If we are not careful, this situation regarding the "Standing Committee" is going to be misinterpreted by the press as a defeat for Canada, and for that misinterpretation, the press may not be primarily responsible.

L.B. P[EARSON]

377.

DEA/50030-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2175

Ottawa, September 5, 1949

TOP SECRET

Atlantic Treaty Working Group. Following for Mr. Pearson from MacKay. Begins:

I regret memorandum was not quite finished when you left. Ignatieff can provide you with copies of working papers containing terms of reference of various bodies agreed on to date. Memorandum summarizing progress of working group to September 2 follows. Begins:

The procedure followed in the Working Group is that there is no voting, the Chairman merely summing up the discussions. A Drafting Group has been set up to prepare working papers which are being distributed to Governments, and which, subject to amendment in the light of comments by Governments, will be included in the report to be submitted by the Working Group to the Council when it meets.

At the opening session the Working Group was presented with a set of proposals by the United States which have largely constituted the Agenda. These proposals contemplate the possible establishment of the following bodies:

- (a) Council
- (b) Military Committee
- (c) Military Advisory Committee (now called Chiefs of Staff Committee)
- (d) A Steering Group of the Military Advisory Committee (now called Standing Group)
- (e) Five Regional Planning Groups
- (f) An Economic Committee
- (g) A Military Supply Board.

All the above organizations except the Military Supply Board have now been disposed of and all but the Economic Committee agreed to. The Military Supply Board will come up for further discussion on Tuesday, September 6.

2. *The Council.* It is agreed that the Council will meet September 17. It will have as terms of reference the North Atlantic Treaty and presumably the report of the Working Group.

3. *Military Committee.* It is tentatively agreed that the Military Committee will meet October 5 and will provide for the establishment of the military organization subject to direction from the Council.

4. *Chiefs of Staff Committee.* A compromise appears to have been reached between the view that this body should be an overall planning group and the view that it should be merely a body for co-ordinating regional plans. In effect the work of the Chiefs of Staff Committee is likely to fall mainly on the Standing Group. The terms of reference of the Standing Group are therefore an essential guide to the functions of the Chiefs of Staff Committee as a whole.

5. *Standing Group.* It is agreed that the Standing Group shall consist of the United States, United Kingdom and France, that it shall represent the whole body, and that "to achieve a unified defence of the North Atlantic area the Standing Group shall co-ordinate and integrate the defence plans originating in the Regional Planning Groups and make appropriate recommendations thereon to the Military Committee".

The following formula providing for participation of non-members when their interests are involved was included: "It is understood that before the Standing Group makes any recommendations on any plans or course of action involving the use of forces, facilities or resources of a party not represented on the Standing Group, going beyond or differing from arrangements previously agreed by the party concerned, that party shall have the right to participate in the work of formulating such recommendations".

6. *Regional Planning Groups.* Serious difficulties arose over the Regional Planning Groups for the following reasons among others:

- (a) The unwillingness of the United States to be listed as a full member on all Groups;

(b) The dismay of the European members if the United States did not take part in regional planning of the North European and Western European regions;

(c) The desire of all members bordering on the Atlantic to be in the Ocean Group, (Iceland excepted).

A compromise was reached by providing for flexible arrangements for participation in regional planning as follows:

(a) All members interested in a region are listed for the regional group;

(b) Adoption of the same formula for regional planning as for participation in the work of the Standing Group of the Chiefs of Staff;

(c) Any Regional Group may invite any party not a member of the Regional Group to participate in its deliberations if it can contribute to the defence of the region;

(d) With respect to the North Atlantic Ocean region it is proposed that planning might be on a functional basis, that is to say, Committees might be established to plan certain phases eg. convoy. This provision was introduced to avoid the difficulty of equal participation by all members in all planning, and to get around the embarrassing problem of selecting a Standing Group for the region.

7. *Economic Committee.* It has been agreed that although an Economic and Financial Committee will be ultimately needed its establishment should be postponed pending clarification of the need.

8. *Military Supply Board.* Conflicting proposals have been put forward by the United States and the United Kingdom. The United States proposal is essentially that the Military Supply Board should be set up in Europe, that it should concern itself mainly with co-ordinating production and supply programmes of European members and inter-European payments, with keeping demands within reasonable budget limits (European and North American), and advising the Military Committee regarding net needs, apparently at the request of the Military Committee.

The United States plan appears to have developed out of experience with the Western Union Supply Board, ECA and the Military Appropriations Programme.

United Kingdom proposals are essentially that the Supply Board should be set up in Washington, that a Co-ordinating Committee of the Board should be established in Europe to work in co-operation with Regional Planning bodies, that the Board should be on an equal footing with the Chiefs of Staff Committee in advising the Military Council with respect to supply needs and planning of production.

It is suggested that we should support the American Programme for the following reasons:

(a) It would appear to place more responsibility on European members for meeting their own needs;

(b) It would appear to leave us to make direct arrangements with the United States regarding supplies and production for the North American region without reference to the Supply Board;

(c) It would appear to leave the initiative more to the United States and ourselves in the matter of meeting the net needs of European members. The British

plan might tend to encourage the development of overall supply plans on a substantially greater scale than the United States proposals. Text ends. Message ends.

378.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 7, 1949

NORTH ATLANTIC TREATY; DEFENCE ORGANIZATION

23. *The Minister of National Defence and Acting Secretary of State for External Affairs*, referring to the discussion at the meeting of August 31st, said it had now been confirmed that, in the report of the Working Group, Canada would not be included with the United Kingdom, the United States and France in the membership of the "Standing Group" (a military planning committee to function under a committee composed of representatives of the Chiefs of Staff of all signatory nations).

In line with the Cabinet's decision, no representations had been made for full membership in the "Standing Group". The Canadian representative had, however, been instructed (after reference to the Minister of National Defence and the Secretary of State for External Affairs) to propose a formula entitling Canada and other smaller countries to participate in the deliberations of the "Standing Group" when the employment of their resources was being planned. It had been made clear that nothing less would be acceptable to the Canadian government.

The adoption of the proposed formula had met with some opposition from the U.S. representatives but there were indications that their attitude had modified and a satisfactory outcome was now anticipated.

(External Affairs memorandum, Sept. 7, 1949).†

24. *The Cabinet*, after discussion, noted the remarks of the Minister of National Defence and approved the action taken by him and the Secretary of State for External Affairs in instructing the Canadian representative on the Working Group to press for acceptance of a formula designed to safeguard Canadian interests in the early stages of military planning under the North Atlantic Treaty.

379.

DEA/50030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, September 8, 1949

With reference to your memorandum to me of September 3rd concerning Munro's articles in the Citizen, on Canada's relationship to standing group of the

North Atlantic Military Committee, I have spoken both to Mr. Claxton and to Munro himself.

Mr. Claxton was sceptical of Munro's intimation that he had gathered the impression of "disappointment" from officials of the Department of National Defence. He will make enquiries but is inclined to doubt that any officers had been in touch with Munro on the subject. He agrees, of course, that it would be quite improper for them to express any views to the press, particularly when they run contrary to government decisions.

Mr. Claxton shares your concern lest the impression be created that we had gone all out to obtain membership on the standing group and had failed to do so. He decided to bring the matter up in the Cabinet this week and obtained formal approval of the instructions given to Ignatieff (with his concurrence as well as your own) to accept as a minimum the participation formula which we had been instrumental in putting forward in Washington.

There is no doubt, I think, that Munro did speak to National Defence officers and did gather, no doubt correctly, that they felt that Canada should be a full member of the standing group. This will no doubt be the C.G.S.'s view (when he returns—he has been away on leave for some weeks) and it is probably reflected in his subordinates in the Army. I do not know that this view is shared by officers of either of the other Services. There is, of course, no reason why they should not *feel* this way, but there is every reason why they should not express their views to the press. From the purely military point there was, as you know, a strong case for our being on the central group with the big fellows.

In the circumstances I have not written to Mr. Claxton but you may wish to bring the matter up with him again when you return.

It has been unfortunate that the C.G.S. has been away during the critical stage of the discussions on military organization in Washington. The other Chiefs have also been away for most of the time. The result has been that our contacts with the Chiefs of Staff Committee have necessarily been less satisfactory and at lower levels.

A.D.P. H[ENEY]

380.

DEA/50030-40

*Procès-verbal de la réunion du Comité
de la Défense du Cabinet*

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], September 13, 1949

I. NORTH ATLANTIC DEFENCE ORGANIZATION

1. *The Minister of National Defence* explained that the purpose of the meeting was to consider the draft report of the Washington Working Group in the defence organization to be set up under the North Atlantic Treaty.²⁷

Two points should be considered—first, the form of Canadian association with the Western European Regional Planning Group, and second, the location of the Supply Board.

With regard to the former, it would be recalled that, at the invitation of the Brussels Treaty Permanent Commission, Canada and the United States had participated as non-members in the Western Union Defence discussions. When the Western European Regional Planning Group came into being under the North Atlantic Defence Organization, this relationship would be changed. The United Kingdom was pressing for full participation by the United States in the Western European regional planning; the United States, however, had declined full membership but had agreed:

“to participate actively in the defence planning as appropriate”.

This qualified participation by the United States was applicable also in the case of the Northern European Regional Planning Group and the Western Mediterranean Regional Planning Group.

Participation by other non-member countries was provided under certain conditions. A special relationship was, however, suggested for Canada, Denmark and Italy:

“Other parties may, and in particular Canada, Denmark and Italy will, participate under the provisions listed above”.

While these countries had special interests in Western European planning, these interests were not the same. Both Denmark and Italy sought full membership in the regional planning group; Canada, on the other hand, would prefer to limit its participation to the status of observer. For these and other reasons, it was not desirable that Canada should be classed with Denmark and Italy in the special form of association indicated in the report of the Working Group.

²⁷ Une version quelque peu modifiée du «Report of the Working Group on Organization to the North Atlantic Council» est réimprimé dans: Department of State, *Foreign Relations of the United States*, IV: *Western Europe* (Washington, 1975), pp. 330-337.

A slightly revised version of the “Report of the Working Group on Organization to the North Atlantic Council” is reprinted in Department of State, *Foreign Relations of the United States*, IV: *Western Europe* (Washington, 1975), pp. 330-337.

Provision was made for participation by Canada in the Working Group when the use of Canadian resources was being discussed:

"It is recognized that it is the responsibility of individual governments to provide for the implementation of plans to which they have agreed. It is further recognized that it is the primary responsibility of the Regional Planning Groups to prepare plans for the defence of their respective regions.

"Subject to these principles, it is understood that before the Standing Group makes recommendations on any plan or course of action involving the use of forces, facilities or resources of a Party not represented on the Standing Group, going beyond or differing from arrangements previously agreed by the Party concerned, the Party shall have the right to participate in the Standing Group in the work of formulating such recommendations."

It would be preferable to participate in the early stages of planning on the level of the Standing Group rather than on the Regional Planning Group level. This would give Canadian authorities a better insight into the overall planning and enable them to recommend the allocation of Canadian forces and resources to the different regional groups. The Chiefs of Staff had recommended that the special reference to Canadian participation in the Western European Regional Planning Group be omitted.

2. *The Prime Minister* stated that Canadian participation in the Western European Regional Planning Group should be permissive rather than compulsory. The general provision for participation by non-members implied that such countries would have an opportunity to determine when they desired to participate in the various planning group discussions. It would appear that the general provision for Canadian participation by non-members in regional defence groups met Canadian requirements.

3. *The Chief of the General Staff* observed that, if Canada accepted a relationship in the form it now appeared in the report, a commitment of forces would be hard to avoid. However, if the status of observer to the Western European Regional Planning Group could be retained, this would be of advantage. The United Kingdom had indicated that the continuation of Canada's role as an observer would be welcomed. There would therefore appear to be no necessity to make specific mention of this arrangement in the report of the Working Group.

4. *The Under-Secretary of State for External Affairs* read a draft amendment to the clause in question which the Canadian representative on the Working Group had been instructed to propose. The proposal might be interpreted as a move to withdraw from association with Western European countries and be opposed.

5. *The Secretary of State for External Affairs* said that, while the amendment might be opposed, a satisfactory explanation could be given to the other members of the Working Group. While specific reference to Canadian participation in the Western European Regional Planning Group could be omitted, it was undesirable to press for observer status for Canada in the Regional Defence Planning Group.

6. *Mr. Claxton* stated that the Chiefs of Staff considered that the Military Production and Supply Board should be located in Washington, where it could work in

close proximity to the Military Committee and the Standing Group. Much of the work of the Supply Board would be closely related to that of these organizations.

7. *Mr. Pearson* pointed out that the U.S. authorities preferred to have the Supply Board located outside the United States. If it were located in the United States, there would be a tendency for countries requiring supplies to look upon it as a means of obtaining U.S. military supplies, rather than as an agency the purpose of which was to co-ordinate the military production programmes of all the signatory countries. There would be little advantage from the Canadian point of view in pressing for the location of the Military Production and Supply Board in Washington.

8. *The Committee*, after further discussion, agreed to recommend acceptance of the Working Group's draft report, provided that the form of Canadian participation in the Western European Regional Planning Group be on the same basis as for other planning groups of which Canada was not a member, and that the reference to special arrangements for Canadian participation in the Group be omitted from the report.

381.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 13, 1949

NORTH ATLANTIC TREATY; DEFENCE ORGANIZATION

16. *The Minister of National Defence*, referring to discussion at the previous meeting, said that the draft report of the Working Group was now available for consideration prior to its submission to the Council of Foreign Ministers next Saturday.

Copies of the report had been circulated.

(Memorandum for Cabinet, Military Secretary, Cabinet Defence Committee, Sept. 12, 1949† and attached draft report of Working Group, Sept. 10, 1949—Cabinet Document 1041†).

17. *Mr. Claxton* reported that, as had been expected, Canada had not been included in the membership of the Standing Group (the principal planning body) but provision had been made for participation when the use of Canadian resources was being planned.

On the whole, the form of the organization set out in the report seemed satisfactory. The only matter requiring consideration was the form of Canadian association with the Western European Regional Planning Group. Apart from full participation of the signatories of the Brussels Pact there was provision for active participation in defence planning by the United States "as appropriate"; all other parties had the right to participate on occasions but a special association was recognized for Canada, Denmark and Italy. This provision had been considered by Cabinet Defence

Committee in consultation with the Chiefs of Staff and senior civilian officials and it was felt that there were objections to the clause in its present form. It had, accordingly, been decided to instruct the Canadian representative on the Working Group to press for a textual change which would dissociate Canada from Denmark and Italy in defining relationships to the Western European Regional Planning Group.

18. *The Secretary of State for External Affairs* reported that the Canadian proposal had met with considerable opposition in the Working Group because of its possible interpretation as a move on the part of Canada to withdraw from association with Western European countries.

No difficulty was anticipated in having Canada associated with this Regional Planning Group on the same basis as the United States and, unless this would involve unexpected commitments, it might be preferable. There was objection to the Canadian relationship to the Planning Group being identified with that of Denmark and Italy, both of whom were pressing for full membership.

19. *Mr. Claxton* observed that membership in the North Atlantic Treaty would inevitably commit the Canadian government to expenditures in the interests of common defence. It was, however, open to question whether pressure for this would be increased as a result of closer association with Western Europe.

It should, however, be borne in mind that the United States had substantial forces stationed in Europe and had approved military aid legislation whereas Canada was not in a comparable position in either respect.

20. *The Cabinet*, after further discussion, approved on behalf of the Canadian government the defence organization of the North Atlantic Treaty as outlined in the draft report of the Working Group, subject to reconsideration of the form of Canadian association with the Western European Regional Planning Group by the Minister of National Defence and the Secretary of State for External Affairs.

382.

DEA/50030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, September 13, 1949

RE: NORTH ATLANTIC ORGANIZATION

As instructed, Ignatieff requested this afternoon, the deletion of Canada from the final sentence under Western European Regional Planning Group. (He had previously asked consideration for some special reference to Canada's participation as an observer—comparable to the role we have had in Western Union.) The reaction of the Working Group was apparently quite strong. They are prepared to make the reference to Canada in almost any terms we wish if we will permit the name Canada to remain. They feel that, if Canada's name is omitted, a significance will be

attached to the omission which neither we nor others wish or intend. They (in particular the United Kingdom) besought Ignatieff to ask for reconsideration.

If Cabinet are willing to do so, the following special paragraph might fill the bill:

In addition to the participation provided for under the provisions listed above, Canada will continue the role of participation as a non-member, which has previously been accorded to Canada on the Western Union Military Committee as well as the Western Union Chiefs of Staff Committee.

I have instructed Ignatieff to hold to our request for deletion, repeating with emphasis the explanation he had previously made that omission of Canada's name was not to be taken as an indication of any lessening of Canadian interest in Western Europe or any desire to reduce our participation in Western European defence planning.

A.D.P. H[EENEY]

383.

DEA/50030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le chef de la direction de la liaison de la Défense*
*Memorandum from Under-Secretary of State for External Affairs
to Head, Defence Liaison Division*

CONFIDENTIAL

[Ottawa], September 13, 1949

RE: NORTH ATLANTIC ORGANIZATION

My papers for today's meeting are returned herewith.

1. The Cabinet Defence Committee did not accept the recommendation coming from the Chiefs of Staff (and Minister of National Defence) as a result of this morning's meeting, suggesting the insertion of a special sentence to describe Canada's "observer" status in the Western European Regional Planning Group.

The Cabinet Defence Committee agreed that our representative on the Working Group should be instructed to request the deletion of the word "Canada" from the final paragraph of the draft report (under Western European Regional Planning Group) explaining that we would rely on the general provisions to permit of our participation in Western European planning.

I got [Ralph] Collins on the telephone, this afternoon, and Ignatieff was to put forward the request at once in the hope of having it accepted for the final draft report.

2. The Working Group's reaction to the request of deletion was violent. I took the matter up again with the Minister, during the Cabinet meeting, but he felt that the instructions should be adhered to. (See copy of my attached note to Mr. Pearson).²⁸

²⁸ Document 382.

3. It is possible that the Minister will wish to review our position tomorrow morning. Meantime Ignatieff's instructions stand.

A.D.P. H[EENEY]

384.

DEA/50030-40

Note de la direction de la liaison de la Défense
Memorandum by Defence Liaison Division

TOP SECRET

Ottawa, September 21, 1949

NORTH ATLANTIC DEFENCE ORGANIZATION
PROGRESS REPORT

As you know, the Cabinet, at its meeting on September 13, approved a draft report of the Working Group subject to reconsideration by the Minister of National Defence and the Secretary for External Affairs of the form of Canadian association with the Western European Regional Planning Group. Accordingly, the Canadian position with respect to the Western European Group was given further consideration by the Secretary of State for External Affairs and yourself and it was agreed that deletion of reference to Canada with respect to the Western European Group might be misinterpreted by the other members of the North Atlantic Treaty Organization. The Canadian representative to the Working Group, on instructions, was successful in having the following reference to Canada inserted in the Working Group's report under the heading of Western European Regional Planning Group:

"Canada and the United States have been requested and have agreed to participate actively in the defense planning as appropriate."

"Other parties may and in particular Denmark and Italy will participate under the provision listed above."

2. You will recall that throughout the Working Group deliberations, Italy pressed for membership on the Western European Group (and to a lesser extent on the Standing Group). At the meeting of the North Atlantic Council on September 17, the Italian reservations to the report with respect to the Standing Group and to the Western European Group were disposed of by the adoption of the following formula:

"It is recognized that there are problems which are clearly common to the defense of the areas covered by the three European regional groups. It is therefore important that arrangements be made by the Defense Committee with a view to insuring full co-operation between two, or if the need arises, all three groups."

3. As a result of the above formula, it will be left for the Defense Committee to give further consideration to the problem. It is understood that the Italian Government interprets the compromise formula in the sense that a special Standing Group should be established for the purpose of co-ordinating the regional planning of the Western European, the Northern European and the Southern European—Western Mediterranean Regional Planning Groups.

4. During the Working Group discussions, the Canadian representative, on instructions, pointed out that if economic and financial machinery was to be established, it should have terms of reference broad enough to include the general objectives contained in Article 2 of the Treaty. This proposal met with strong opposition on the part of the United States and United Kingdom representatives and reference to economic machinery in the report accepted by the Council reads as follows:

"The Council recognizes the importance of economic and financial factors in the development and implementation of military plans for the defense of the North Atlantic area. Consequently, there shall be established as soon as possible appropriate machinery to consider these matters. The details of organization of this machinery, terms of reference, etc., shall be studied forthwith by a Working Group which shall submit recommendations to the Council."

5. At the meeting of the Council, the Canadian representative (The Secretary of State for External Affairs) received assurance that the recommendations of the Working Group would not in any way prejudice the establishment of machinery under other articles of the Treaty and would not be regarded as exhausting all the possibilities of organization under the North Atlantic Treaty. Accordingly, Council has recorded in its minutes an understanding to the effect that the powers of the Council, in setting up agencies under the Treaty, have not been exhausted and that the Council had, at its first meeting, only created those agencies regarded as immediately necessary for defense.

6. The Council, at the conclusion of its meeting in Washington, issued the Communiqué which was tabled in the House on September 20 and which sets forth in detail the North Atlantic Defense Organization.

The Defence Committee is to hold its first meeting in Washington on October 5. The Military Committee is presently scheduled to commence its sessions on October 7, also in Washington. In the meantime, the Working Group will continue to meet.²⁹

385.

DEA/50030-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], September 26, 1949

NORTH ATLANTIC TREATY ORGANIZATION

Attached is a copy of telegram WA-2648† of September 24 reporting the text of a paper circulated to the Working Group by the State Department for its meeting on

²⁹ Claxton formula son rapport au Cabinet d'après ce document. Le Cabinet nota le rapport et approuva les dispositions qui y étaient décrites, le 22 septembre 1949.
Claxton based his report to Cabinet on this document. Cabinet noted the report and approved the arrangements described in it on September 22, 1949.

Tuesday, September 27. The paper proposes the following subjects for consideration by the Working Group in preparing a report for the Defence Committee:

1. Defence Committee Secretariat
2. The establishment of organization
3. Security of information
4. Basic defence policies and initial directives
5. Military Production and Supply Board
6. Next meeting

2. With respect to (1) Defence Committee Secretariat, it is proposed that the host Government should provide the secretariat and that any permanent secretariat required between sessions should be located in Washington. I should think this would be satisfactory to us.

[3]. (2) Establishment of organization. It is proposed that the Defence Committee should accept the organization of the Military Committee, Standing Group and the Regional Planning Group as outlined in Council's report of September 17. I should think there is no objection to this (copy of the press communique in which the Council's recommendations are included is attached for your information).†

[4]. (3) Security of information. It is proposed that the Military Committee should establish a Committee of security experts to study a report on a suitable system of security of information for the organization. I should think this would be entirely acceptable to us but it is suggested that we should seek to be represented on this Committee.

[5]. (4) Basic defence policies and initial directives. The State Department paper does not elaborate this heading but it may refer to the terms of reference of the Standing Group as to whether it should be a co-ordinating body or a body with authority to initiate planning. It is suggested that we might withhold comment on this proposal until we see what develops. Our representation on the Working Party might be instructed to report immediately on any developments and seek instructions.

[6]. (5) Military Production and Supply Board. It is suggested that the Canadian representatives on the Working Party be instructed not to take the initiative in proposing any organization for Military Production and Supply and that they report back immediately any proposals made.

[7]. They might, however, be instructed to support general organization along the following lines:

(a) that the supply organization should be allowed to grow naturally and that for the present a minimum organization only should be established;

(b) that the supply organization might be allowed to grow out of existing organizations for Western Union. This would entail adding to the existing organization representatives of countries not in Western Union but in the Atlantic Treaty;

(c) that the supply organization should continue to be centered in Europe and that the organization be authorized to develop such liaison arrangements as it deems desirable with the Chiefs of Staff organization in Washington.

[8]. It is possible that financial aspects of supply may be raised at an early date. It is further suggested that if the question of a financial organization is raised in the Working Group, Canadian representatives might be instructed to oppose a formal organization at this time. It is possible that at a fairly early stage meetings of financial officials of the Treaty powers will be necessary as it was in the case of Western Union, and, if so, the question of financial organization might then be considered.

[9]. Attached for your consideration is a memorandum prepared by Mr. Ritchie based on conversations with Mr. Pierce.†

A.D.P. H[EBENEY]

386.

DEA/50030-B-40

Note au sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum to Acting Secretary of State for External Affairs

SECRET

[Ottawa], October 8, 1949

FIRST SESSION OF THE NORTH ATLANTIC DEFENCE COMMITTEE

The Defence Committee concluded its first session at a meeting held in Washington on Wednesday October 5, 1949.

The principal decisions reached were:

(1) The formal establishment of the organization of the Military Committee, the Standing Group and the Regional Planning Groups as outlined in the North Atlantic Council's directive of September 17, 1949 to the Defence Committee, together with the applicable policy statement contained therein.

(2) The adoption without amendment of a directive to the Military Committee. It was decided that the Military Committee would have its first meeting at the Pentagon at 2:30, Thursday, 6 October.

(3) The approval of the recommendations of the Military Production and Supply Working Party to the Defence Committee and the recommendation for the approval of the document to the North Atlantic Council. The calling of a meeting of the Military Production and Supply Board on a provisional basis pending Council action in London on November 1, 1949.

(4) Decision to locate the headquarters of the Regional Planning Groups as follows:

The Northern European Regional Planning Group in London;

The Western European Regional Planning Group in London;

The Southern European-Western Mediterranean Regional Planning Group—to be decided by agreement by the members of the group—France, Italy and United Kingdom. If the Governments of these countries cannot agree, the first meeting is to be held in Paris, the permanent location to be decided by majority vote of the Defence Committee at its next meeting;

The Canadian-United States Regional Planning Group in Washington;

The North Atlantic Regional Planning Group in Washington.

(5) The Defence Committee delegated to the Military Committee the problem of developing a system of security for the entire North Atlantic Treaty Organization, it being understood the Military Committee would set up a Sub-Committee to study and report on a suitable system as a matter of first priority. Pending such report the United States Government is to make interim security arrangements.

(6) It was agreed that the United States would provide secretarial services until the Defence Committee makes a determination regarding more permanent arrangements for secretariat at its next meeting, both for the Defence Committee and Military Committees.

(7) The next meeting of the Defence Committee is to be decided by the Chairman (Secretary Johnson) after consultation with each Defence Minister, the probable date being early in December.

387.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, October 11, 1949

...

NORTH ATLANTIC TREATY, ORGANIZATION; REPORT BY MINISTER OF NATIONAL
DEFENCE

16. *The Minister of National Defence*, referring to discussion at the meeting of Sept. 22, reported on the first meeting of the North Atlantic Defence Committee held in Washington on October 5th.

The Defence Committee had formally established the Military Committee, the Standing Group and the Regional Planning Groups, and had taken steps to set up the Military Production and Supply Board. It had also approved the terms of a directive to the Military Committee to guide their future planning. The Military Committee had held their first meeting following the Defence Committee meeting. The Production and Supply Board was to meet on or about November 1st and the Regional Groups at an early date.

Some concern had been felt in the Defence Committee about security arrangements. This problem had been referred to the Military Committee which had set up a special sub-committee to study and report on a suitable system. Pending such report the U.S. Government was to make interim security arrangements. In the early stages, the United States would provide secretarial services until the Defence Committee had determined more permanent arrangements at their next meeting. This was scheduled for early December.

(External Affairs memorandum, Oct. 8, 1949).

7. *Mr. Claxton* said he was impressed with the serious way in which the U.S. regarded the North Atlantic Pact. They looked upon it as a major instrument for defence and were planning to give it full support.

An opportunity had been taken to discuss informally with the U.K. Minister of Defence and the U.S. Secretary of Defence the extent to which they would accept commitments in Western Europe. Mr. Alexander had indicated that U.K. forces were stretched to the limit and his government would be reluctant to make any commitment in Western Europe unless the U.S. were prepared to make a balancing commitment for defence of the U.K. Mr. Johnson indicated that the U.S. would be unlikely to make commitments of a formal character as this was a matter for decision by Congress. They would, however, probably continue to have forces in Europe.

It appeared from these conversations that Canada would probably not be expected to have any considerable number of forces in Europe, though possibly small groups of officers and men would be wanted for short periods of duty.

The question of military and civilian representation on North Atlantic planning bodies was one upon which an early decision should be made. This would probably involve the appointment of more senior officers to London and Washington and some reorganization of the staffs there. Proposals would shortly be submitted.

18. *The Cabinet*, after discussion, noted the report of the Minister of National Defence on North Atlantic organizational developments.

388.

DEA/50030-C-40

*Note de la direction de la liaison de la Défense**Memorandum by Defence Liaison Division*

SECRET

Ottawa, October 18, 1949

The North Atlantic Council, at its first session, directed a Working Group in the following terms to prepare for the Council recommendations on the establishment of economic and financial machinery—

“The Council recognizes the importance of economic and financial factors in the development and implementation of military plans for the defense of the North Atlantic area. Consequently, there shall be established as soon as possible appropriate machinery to consider these matters. The details of organization of this machinery, terms of reference, etc., shall be studied forthwith by a Working Group which shall submit recommendations to the Council.”

Although the Working Group has not as yet been convened, both the United Kingdom and the United States have prepared draft proposals for the financial and economic machinery to be established under the Treaty.

2. The U.K. draft envisages the establishment of a Committee of Finance Ministers (under the Council). The Finance Ministers will, in turn, establish a Finance and Economic Committee consisting of one representative from each Party (normally meeting in London) with the following terms of reference:

“The Finance and Economic Committee shall consider such financial and economic questions as may be referred to them by the Committee of Finance Ministers or by the Military Committee or by the Military Production and Supply Board and shall report as necessary to the Committee of Finance Ministers.

Such questions may include matters affecting the distribution of available financial and economic resources; the allocation of defence costs; advice to the Military Production and Supply Board on the financial and economic implications of North Atlantic production programmes; and payment questions arising out of North Atlantic production."

3. The U.S. draft has not been made available to us, but indications are that the United States (as might be expected) would favour terms of reference even more detailed than those set out in the U.K. draft. The United States have, however, apparently agreed to drop a former proposal for explicit reference to the concept of "equality of sacrifice" in the terms of reference of the financial and economic machinery. It has, however, been indicated that the United States would strongly favour implicit reference to such a concept.

4. The U.K. draft has been studied by Mr. Deutsch who agrees that it would be most inappropriate to anticipate the work which might have to be done by the Finance and Economic Committee and thus to spell out in advance and in too great detail the proposed Committee's terms of reference. We have commented to our Embassy in Washington on the U.K. draft in part as follows:

"I am, however, convinced that Deutsch's approach to the problem is a realistic one. It could be argued that wider terms of reference such as contained in the U.K. draft would tend to increase commitments beyond those undertaken through ratification of the Treaty itself. The phrase 'allocation of defence cost' is, I think, an implicit recognition of the principle of 'equality of sacrifice' to which we should take strong exception. The support which our position, in this respect, might be expected to receive from some of the European signatories (and particularly Belgium) might be somewhat lessened in view of the fact that they will be recipients under the U.S. Mutual Defence Assistance Act. We should, however, continue to oppose drafting terms of reference for the Finance and Economic Committee designed solely to lessen United States difficulties arising from the M.D.A.A. Such difficulties might be better resolved through the bilateral agreements which the United States intends to negotiate with the prospective recipients of U.S. military assistance."

5. Both the U.K. and the U.S. proposals have been based in part on past experience in Western Union. The Western Union Military Supply Board and the Western Union Finance and Economic Committee have (in addition to even more academic studies) surveyed the equipment deficiencies in the existing forces of the Five Powers and estimated the approximate cost to them of meeting these deficiencies. The Western Union Powers have agreed on specific additional production programmes to help meet existing deficiencies and the Finance and Economic Committee have been endeavouring to arrive at some acceptable formula for sharing the costs of the agreed common defence programmes. The United Kingdom have proposed that each of the Five Powers should devote approximately the same percentage of its national income to defence purposes. Thus, in financing additional Western Union military production, the first call would be on those countries whose defence expenditure was below average. It has, however, been found impossible to agree after almost a year's study on an automatic formula for the distribution of defence

costs. The Western Union Finance and Economic Committee have, however, performed a useful function in recommending to governments measures for financing transfers of certain items of military equipment among the Five Powers.

6. The United States have strongly (and wisely) urged that military rehabilitation in Europe should take second place to economic recovery. For this reason, they have suggested (in our discussions with them) that the North Atlantic Finance and Economic Committee should at the outset place a financial ceiling on European defence production programmes, (an approach probably inspired by E.C.A. who feel that Western Europe will do too much rather than too little in the field of defence). In addition, as mentioned above, the U.S. authorities are convinced that some formula for the distribution of defence costs among North Atlantic nations should be reached. (Such a formula, if adopted, would probably increase pressure on Canada to contribute further to the mutual defence of the North Atlantic area; it would also be of great assistance to the U.S. administration in their appeals to Congress for additional military assistance appropriation.)

7. In general, the Canadian approach to the problem of financial and economic machinery might be that its terms of reference should be as general as possible. In particular, we should strongly resist drafting terms of reference for financial machinery which would in any way tend to commit in advance the Canadian Government to budgetary expenditure, normally voted on an annual basis.³⁰ The Committee should not be directed by the Council to study specific problems, but rather to study such economic and financial problems as may be referred to it by the North Atlantic Production and Supply Board and the Military Committee.³¹ The Western Union countries, having additional commitments under the Brussels Treaty, might resolve their additional financial problems through their existing Finance and Economic Committee (some of the functions of which might be taken over by the broader North Atlantic Finance and Economic Committee). The U.S. administration might satisfy Congressional requirements through bilateral (or if desirable multilateral) agreements which will be concluded with the prospective recipients of the U.S. military aid under the terms of the Mutual Defence Assistance Act.

8. It should be emphasized, however, that the problem of finding some equitable formula for allocating defence costs among Western Union (and North Atlantic) powers, is a real one. The United States proposals for North Atlantic finance and economic machinery have, of course, been drafted largely with an eye to the Western European recipients of U.S. military assistance. Nevertheless, it could be argued with justification that the common pledge under the Treaty to provide assistance calls for an equal effort on the part of all the North Atlantic signatories (taking into account other relevant economic factors). The final decision as to the type and the amount of assistance which a signatory may contribute to the common pool rests, of course, with the government of that signatory. It might be successfully

³⁰ Note marginale:/Marginal note:
I agree strongly with this LB P[earson]

³¹ Note marginale:/Marginal note:
Yes [L.B. Pearson]

argued by our representatives that the terms of reference for the financial and economic machinery need not contain explicit reference to the need for reaching an agreed formula for "equality of sacrifice". However, if the Finance and Economic Committee is to be an effective mechanism, it may be assumed that it will *recommend* to governments some formula for the distribution of defence costs. It is doubtful whether the Western Union Finance and Economic Committee could perform this task effectively and U.S. bilateral agreements may not be suitable instruments to carry out the obligations of a multilateral Treaty.

389.

DEA/226(s)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], October 25, 1949

...

VIII. NORTH ATLANTIC DEFENCE ORGANIZATION—MINISTER'S REQUEST

20. *The Committee* had for consideration a request from the Minister of National Defence on the manner of setting up and working the North Atlantic Ocean Regional Group and the Western European Regional Planning Group insofar as Canada was concerned.

(CSC 5-27 of 20th October, 1949, refers)†

21. *The Chief of the General Staff* pointed out that at this time it would be difficult to provide a factual report for the Minister as the plans of organization for the various groups, with the exception of the Western European Regional Planning Group, had not as yet been developed.

22. *It was agreed*, after further discussion, that the Minister be advised:

(a) that the terms of reference for the Canadian Joint Staff, Washington, and the Canadian Joint Staff, London, had been approved by the Chiefs of Staff and were ready for submission to the Cabinet Defence Committee;

(b) that the Chiefs of Staff proposals for the organization of the North American Regional Group and the North Atlantic Ocean Regional Group were being developed; and

(c) that in the matter of North Atlantic Defence Planning, the channels of communication were being established between the representatives of the Chiefs of Staff in Washington and London and the Secretary, Chiefs of Staff Committee.

390.

DEA/50030-40

*Note de la direction de la liaison de la Défense (I)
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison (I) Division
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, October 26, 1949

I attach for your information copy of WA-2955 of October 25[†] concerning the initial request made by the United States to certain North Atlantic countries for military facilities.

2. You will note from the attached teletype[†] that the United States has requested military facilities from France, Italy and Denmark. It is not clear, however, under what authority these agreements are to be negotiated. Under the U.S. Mutual Defence Assistance Act, the President is directed to conclude agreements (bilateral or multilateral) with the proposed recipients of U.S. military assistance. These agreements will, among other things, make appropriate provision for "furnishing equipment and materials, services or other assistance consistent with the Charter of the United Nations to the United States or to and among other eligible nations to further the policies and purposes of this Act". On the other hand, separate agreements could be made under Article 3 of the North Atlantic Treaty. It would seem that if the latter is to be the case, the U.S. proposals are somewhat premature in that they are not based on the joint recommendations of any of the military agencies established under the Treaty.

3. The State Department has suggested that standard multilateral agreements might be negotiated among all the signatories to the North Atlantic Treaty on the mutual exchange of mapping information, air transit and technical stop-rights and visits of naval vessels. The Canadian Ambassador, in addition, gathers that Canada may be approached by the United States with proposals for a bilateral agreement dealing with their existing facilities in Newfoundland; which might include a request for additional rights at Goose Bay. It can be expected that the European nations will raise no objection to the United States proposal both because they will be recipients of United States military aid and because in general they welcome increased United States commitments in Europe. Canada is, of course, in a distinctly different position for we will not receive U.S. military aid under the Mutual Defence Assistance Act nor do we welcome increased U.S. military activities in Canada.

4. In general, I feel that the United States proposals for bilateral and multilateral agreements with the North Atlantic countries, particularly at this time, are most inappropriate in that they are not based on the recommendations of any of the North Atlantic agencies. The pattern which U.S. military authorities may establish might have unfortunate results on the success of multilateral co-operation under the Treaty. From our standpoint, a precedent may be established for a U.S. bilateral agreement with Canada and suggestions may be made that our desiderata with respect to Newfoundland Bases should be discussed within the North Atlantic Treaty arrangements. I feel, therefore, that we should instruct our Embassy in

Washington to seek from the United States authorities further details as to the nature and extent of the United States proposed agreements. I attach for your signature, if you approve, a teletype to Washington for this purpose.³²

R.A. MACKAY

391.

DEA/50030-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3047

Washington, November 3, 1949

SECRET

I had a talk with George Perkins, Assistant Secretary for European Affairs at the State Department today, Thursday, November 3rd, at my request, to discuss with him our mutual aid problems under the North Atlantic Treaty, with particular reference to military facilities and procurement of military supplies. Perkins had Snow with him and Ignatieff accompanied me.

2. The main purpose of my visit was to engage Perkins' personal interest in our military procurement problems as well as to elicit further information on the thinking of the State Department regarding military facilities which you requested in your message EX-2634 of October 29th. † Since his appointment as assistant Secretary of State, the negotiations relating to the organization of the North Atlantic Treaty have almost exclusively absorbed his time and I thought it would be a good idea to direct his attention to the specific problems on which we are looking for urgent action.

3. At the outset of my conversation, I recalled the obligations which both Canada and the United States undertook under Article 3 of the North Atlantic Treaty with regard to mutual aid. The principle of mutual aid under the Treaty arises both in connection with the problem of military facilities which the United States are now seeking from their co-signatories of the Treaty on which I said I wished to have further information and also in relation to procurement of military supplies. Taking the latter aspect of the problem first, I summarized the previous approaches made to the State Department before the M.A.P. legislation had been adopted by Congress, and subsequently, in an endeavour to obtain from them a statement of how it might be possible to operate under the Mutual Defence Assistance Act in order to facilitate procurement of equipment for Canadian forces. I pointed out that such a statement had not yet been forthcoming, despite repeated requests.

4. Snow, who was asked to comment, said that the mechanism for operating under the Mutual Defence Assistance Act was only now being established and that

³² Note marginale:/Marginal note:
I agree A H[eeney] Oct 28

the officials concerned were still not quite ready to determine what procedures might be applied to Canadian procurement. They were working on the problem and hoped to be in a position shortly to supply some further information. In the meantime, he emphasized the need for a statement of a specific list of equipment which we will be requiring in the current fiscal year, as previously requested.

5. I then turned to the related problem of procurement in Canada of equipment by the United States services, recalling in this connection the conversation between the Prime Minister and the President last February 12th, and the Prime Minister's speech at Troy on October 14th. I pointed out that, without the kind of arrangements for reciprocal procurement suggested by the Prime Minister, there would be difficulty in achieving effective arrangements for integrated defence under the North Atlantic Treaty, especially in the production field. It would certainly also hamper the achievement of the policy of standardization to which both countries had subscribed. Perkins, in reply to this point, said that what was blocking progress in this matter was not any lack of sympathy or action by administrative officials but the legislation of the Buy America Act. He said the question was constantly in the mind of the State Department and it seemed that some kind of new legislative action would be necessary before the objectives which were pretty generally accepted, both in the United States and Canada, could be realized.

6. The conversation then turned to the question of military facilities. Perkins said that he was not fully familiar with the details of the preliminary talks which had taken place in the State Department with representatives of France, Italy and Denmark during his absence in Europe and he only offered general comment. He emphasized the preliminary nature of the talks which have taken place to date. It was his understanding that, generally speaking, the agreements covering military facilities would be negotiated under Article 3 of the North Atlantic Treaty and that such agreements might be bi-lateral or multi-lateral as the circumstances seemed to dictate. As regards the multi-lateral agreements, there would be certain standard agreements covering such matters as exchange of mapping information, air transit rights and arrangements with regard to naval visits. Multi-lateral Agreements regarding military facilities would be required also for the implementation of specific defence plans as recommended by respective regional planning groups. In addition, bi-lateral agreements might be negotiated between any two parties to the North Atlantic Treaty under Article 3 in order to facilitate the implementation of the purposes of the Treaty. Such bi-lateral agreements would not be directly connected with the bi-lateral agreements contemplated under the Mutual Defence Assistance Act. The bi-lateral agreements under the Mutual Defence Assistance Act, would, he said, make reference to mutual aid, including a general reference to military facilities but would not specify any particular arrangements. The State Department did not consider it appropriate that mutual defence assistance grants should be tied in with any specific quid pro quo from beneficiaries under this legislation.

7. I realize that what Perkins had to say does not add very much to the information already given you on the question of military facilities but the United States proposals in this regard are still in their formative stages. There is still no indication of what military facilities, if any, will be requested from Canada. I did say that

I hoped that the negotiations with regard to bases with other parties of the North Atlantic Treaty would not in any way delay the conclusion of an agreement between Canada and the United States over the question of the United States base rights in Newfoundland as the latter question preceded the negotiation of the North Atlantic Treaty and should be considered on its merits. I had in mind the hints thrown out by Rusk that they would not wish arrangements made with Canada in regard to United States bases in Newfoundland to establish unsatisfactory precedents from their point of view as regards base rights they may be seeking from other signatories of the North Atlantic Treaty.

8. Summarizing the objects of my visit, I said that I hoped that everything possible would be done to speed up progress on:—

- (a) Procurement for Canadian forces;
- (b) Newfoundland bases;
- (c) The question of reciprocal procurement for United States forces in Canada.

Bearing in mind that all three objectives are governed by mutually accepted policies which have been confirmed as being to the mutual interest of both countries at the highest level.

9. I cannot say that Perkins did more than listen sympathetically to what I had to say. He is disposed to be cautious in committing himself to any course of action but I believe that our talk may do some good in directing his attention to the specific interests which we have in connection with the implementation of Article 3 of the North Atlantic Treaty and our concern at the slow progress to date.

10. Incidentally, Snow told me privately after the meeting that as regards progress on the procurement problem, he thought that the procurement of the tank spares, with the exception of the two or three items not in stock, would be made available under procedures followed before the passing of the M.D.A.A. However, as regards the F.86 equipment, the Pentagon seemed reluctant to take action until authorized under the Mutual Defence Assistance Act. This makes it all the more urgent for us to put in a formal and specific list of our requirements for the current fiscal year. I would then propose to take the matter up personally with Bruce, the Administrator of the M.D.A.A.

392.

DEA/50030-D-40

*Note**Memorandum*

SECRET

Ottawa, November 9, 1949

NORTH ATLANTIC MILITARY PRODUCTION AND SUPPLY BOARD
PROGRESS REPORT

1. The North Atlantic Military Production and Supply Board held its first sessions in London on November 1 and 2. As was expected, the meeting dealt in the main with organizational matters pertaining to the setting up of a permanent working

staff and secretariat and with preliminary plans for the future activities of the Board. The principal decisions taken were:—

(a) Mr. West-Burnham, Head of Secretariat, Western Union Military Supply Board, was appointed as interim Secretary pending the appointment of a permanent Secretary.

(b) It was agreed that the Liaison Group in Washington would deal primarily with technical matters and would be more in the nature of a secretariat than a working staff. Decision on its composition was deferred until the nature and extent of its duties are determined more accurately in the light of experience.

(c) With respect to the question of regional supply boards, it was agreed that the North Atlantic Supply Board was not yet in a position to delegate any of its functions to regional supply boards. At the meeting, the representatives of Norway-Denmark and Italy indicated that they felt that special supply problems would necessitate regional supply boards being set up for the Northern European region and the Southern European-Western Mediterranean region, respectively.

(d) Decided to make an initial report to the Defence Committee along the lines of the attached paper entitled "A Statement of Objectives of the North Atlantic Military Production and Supply Board". This report is based on two papers which the United States delegation placed before the meeting for consideration. One of these set forth a statement of integration or production planning; the other outlined a number of projects which the permanent working staff might be expected to undertake in the near future. It was indicated that this report will be presented to the Defence Committee at the same time as the military side of the Treaty Organization submits its initial statements on military plans.

(e) Decided that for the present the Western Union Supply Board is not to be regarded as a regional board under the NAT, although the five countries concerned will have the same representation on the Western Union Board and its executive committee as on the North Atlantic Supply Board and its permanent working staff, respectively. The meeting did not attempt to define the formal relationship which may exist in the future between the two bodies. It was generally agreed, however, that the details of the production programmes of the Western Union countries should not be regarded as fixed, but should be considered as open to revision if further study indicated that such a revision was necessary.

(f) It was agreed that the next full meeting of the Board would be held on or before February 1, 1950 at the call of the Chairman.

[PIÈCE JOINTE/ENCLOSURE]

*Note**Memorandum*

SECRET

A STATEMENT OF OBJECTIVES OF THE
NORTH ATLANTIC MILITARY PRODUCTION AND SUPPLY BOARD

1. The parties of the North Atlantic Treaty have agreed in Article 3:

“In order more effectively to achieve the objectives of this Treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.”

The Military Production and Supply Board in carrying out the directive of the NAT Defense Committee 5th October, 1949, establishing the Board, dedicates itself to work for the fulfillment of the objectives of Article 3. The parties recognize that recommendation of measures for the employment of effective mutual aid and the development of their collective capacity for coordinated production and supply to implement agreed military plans is the essential task of the Military Production and Supply Board. The completion of the task rests on the important principle that each nation must do its part, as determined by its position and its resources, in relation to the common security of all. In the production and supply of military equipment advantage will be taken of all possible benefits from individual national specialization in the development of the combined industrial and national assets of the NAT countries. It is also recognized that military production and supply programs must be undertaken in full recognition of economic and financial factors since the economic recovery and strength of the NAT nations must not be jeopardized.

2. A coordinated program of military production and supply within the availabilities and capabilities of the twelve nations will be formulated in connection with the development of the military requirements of integrated military plans for the defence of the North Atlantic area. The Board recognizes that planning for military production and supply must be dynamic as well as flexible, and that in order to accomplish its mission its plans must be concurrent with and correlated to the military planning of the NATO. Meanwhile the Military Production and Supply Board has undertaken the plans and actions that can be accomplished at present utilizing the experience and accomplishments of the Western Union Military Supply Board.

3. Specifically, the following programs and studies have been approved and undertaken by the North Atlantic Military Production and Supply Board. From these programs and studies an integrated plan for meeting the production and supply requirements of the military plans will be evolved:—

(A) A review of currently planned programmes of European signatory countries for the production of military equipment and spare parts for the use in the common defence of the North Atlantic area with the object of ensuring that, wherever practicable, the principle of integrated military production is adopted.

(B) An inventory of military equipment and spare parts in the European countries signatory to the North Atlantic Treaty that are of United States origin and are surplus to the needs of the possessor country.

(C) The undertaking of immediate studies to indicate the composition and volume of military equipment and spare parts currently surplus to the needs of the possessors for the purpose of laying the foundation for transfers to other signatory countries as their needs are determined.

(D) Development of short and long-range plans for promotion of standardization of military end-products and production methods.

(E) Study of the adjustment of location of production facilities taking into account strategic factors, the physical capabilities of individual countries to produce military material, the importance of securing maximum efficiency and integration of production, and the guidance furnished by the finance and economic machinery with respect to financial and economic considerations.

(F) The Working staff has discretion to undertake other projects which they consider to be essential referring when necessary to the Board for approval.

393.

DEA/50030-C-40

*Note**Memorandum*

SECRET

Ottawa, November 10, 1949

NORTH ATLANTIC DEFENCE FINANCIAL AND ECONOMIC COMMITTEE
PROGRESS REPORT

As you know, the North Atlantic Council decided at its first session to establish an Economic and Financial Organization under the Treaty, and accordingly directed the Working Group in Washington to prepare recommendations and propose terms of reference for submission to the Council at a later date. The Working Group have now concluded their meetings and its proposed terms of reference for the Defence Financial and Economic Committee are embodied in a report to the North Atlantic Council (a copy of which is attached.†

The suggested terms of reference as drawn up by the Working Group provide:

(a) that the Committee shall be composed of a representative at a ministerial or similarly high level of responsibility from each signatory country, and that it shall report directly to the North Atlantic Council;

(b) the Committee shall establish and maintain close working relations with the North Atlantic Military Organization and particularly the Military Production and Supply Board. It shall be prepared to give advice on all relevant financial and economic factors to the other bodies set up under the Treaty;

(c) the principle of self-help and mutual aid in the field of military production and supply, and the primary importance of economic recovery and continued economic stability in the member countries shall be taken into account by the Committee when exercising its functions.

It is expected that this report will be submitted for approval to a meeting of the North Atlantic Council in Washington on November 15.

The Working Group did not reach a decision on the matter of the location of the permanent working staff of the Committee. The French have insisted that Paris be the site for this organization in view of the necessity for a close liaison between the Committee and the O.E.E.C. organization in Paris. Great Britain, on the other hand, has maintained that London would be more appropriate inasmuch as close liaison will also be necessary between the Defence Financial and Economic Committee and the Military Production and Supply Board. It is understood that this matter will be discussed by Mr. Acheson, Mr. Bevin and Mr. Schuman at the forthcoming meeting in Paris.

394.

DEA/50030-K-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 275

Ottawa, November 10, 1949

CONFIDENTIAL

Following for Pierce from Heeney, Begins: I have called a meeting of the Deputy Ministers of Finance, Trade and Commerce, National Defence, the Secretary to the Cabinet, and the Chief of the General Staff for Monday, November 14, at 12:00 noon to discuss the desirability of setting up an inter-departmental committee to deal with Atlantic Treaty matters. The text of this letter follows in my immediately succeeding telegram.†

I am becoming more convinced that it would be wise to consider working out some sort of programme whereby we could contribute under the Atlantic Treaty effectively and at the same time with the least embarrassment to ourselves. This programme might well include economic as well as military aid. In any event I think we should seek to anticipate proposals which might be made to us for contributions.

It may be also that we should seek to use Article 2 of the Treaty as a means of strengthening our economic position and that of the Atlantic Treaty community generally. Some officials of the State Department seem to be coming around to this view.

I have not set out the above considerations very clearly in the letter to other departments since some of them might be alarmed. I am suggesting them to you, since I feel that you are more familiar with the background and development of the Atlantic Treaty, and also to indicate to you the importance of the forthcoming meeting.

Would it be possible for you to come up for the meeting and have further discussions with me regarding the Atlantic Treaty and other matters? Ends.

395.

DEA/50030-D-40

*Note de la direction de la liaison de la Défense**Memorandum by Defence Liaison Division*

CONFIDENTIAL

Ottawa, November 14, 1949

The North Atlantic Military Production and Supply Board has concluded its first organizational meeting. At its first meeting the Board established a permanent working staff. In a directive to the working staff, the initial tasks in the field of military production and supply were set forth. These are contained on the last page of the document before you. I do not think that any further explanation of the working staff's directive is required.

2. The U.S. delegation have played a leading part in the first meeting of the Board. It became increasingly evident as the discussions proceeded that the United States regarded the Board and its working staff as bodies established in the first instance to implement the U.S. Mutual Defence Assistance Act. The United States, it appeared, attached primary importance to the "integration" of production in the North Atlantic area and particularly among European recipients of U.S. mutual assistance. The Western Union additional production programme, which has already had the approval of the Ministers of the Five Powers and the details of which were given to the United States last spring, is no longer regarded by the United States as a *fixed* programme. "Congress", said the U.S. Chairman, "is not prepared to accept a Five Power programme—we want a Ten Power programme." He pointed out that the United States would be unwilling to finance the production of trucks in one of the Western Union powers if trucks could be more economically produced by one of the other North Atlantic signatories. The U.S. representative indicated that before the President would be willing to release the \$900,000,000 under the M.D.A.A., he would have to approve not only an integrated military plan for the North Atlantic area, but also an integrated military production plan.

3. With regard to the permanent working staff, the Board agreed that the national representatives should be on a high level and should be available, if necessary, for full time duty. Office space for the national representatives on the working staff would be provided by the U.K. Government at 36 Whitehall. It would appear desirable, therefore, that a fairly senior Canadian representative should be appointed in the very near future, both because Canada will have a direct interest in the work of the Board and because of the important physiological [*sic*] effects on the European nations.

4. The first session of the Board ended in an atmosphere of relative harmony and co-operation. The European signatories appeared to be convinced of the necessity for integrating and maximizing their military production. The United States has its Mutual Defence Assistance Act. Canada, surprisingly enough, was not asked what part it was prepared to play.

396.

DEA/226(s)

*Extrait du procès-verbal de la réunion du Comité des chefs d'état-major**Extract from Minutes of Meeting of Chiefs of Staff Committee*

TOP SECRET

[Ottawa], November 15, 1949

...

II. CANADA-UNITED STATES REGIONAL PLANNING GROUP

2. *The Chief of the General Staff* stated that there was considerable controversy concerning the composition of regional planning groups. The North Atlantic Council Directive had indicated clearly that regional planning groups consisted of countries. However, when the organization of regional planning groups was being discussed by the Defence Committee, the statement by the U.S. Secretary of Defense, that United States representation on ministerial committees of regional groups would probably be military, had no doubt given rise to the idea that regional planning groups did not include ministerial committees and were limited only to military personnel. The European planning groups were all patterned on the organization of Western Union and it was understood that each group would be required to do its own planning, which would include supply and economic considerations as well as military.

General Bradley had indicated that the U.S. Joint Chiefs of Staff would be prepared to meet with the Canadian Chiefs of Staff as the Canada-U.S. Chiefs of Staff Committee. However, it was apparent that this view was not held by the more junior United States officers concerned with the plan for the organization of the Canada-U.S. Regional Planning Group. The U.S. authorities should be advised that the proposed arrangement which provided for a Chiefs of Staff Committee was acceptable to Canada but that this organization should be developed to include a Ministers' Committee and provision for any required Supply Committee and Financial and Economic Committee.

(CSC 5-27-7, CSC 5-27-10 of 10th November, 1949†)

3. *The Chief of the Naval Staff*, referring to the discussions of the North Atlantic Ocean Regional Planning Group, pointed out that the U.S. representatives had deprecated the idea of a Ministers' Committee in this group because of the difficulty of getting ten ministers together to discuss the development of the various plans of the group. An organization which provided for a ministerial committee and supply and economic committees parallel to the Chiefs of Staff Committee was theoretically sound; in practice, however, the value of all these committees was still undetermined.

4. *The Chief of the Air Staff* said that it would be of great advantage to have both supply and economic committees set up within the Canada-United States Regional Planning Group organization, particularly in regard to the problem of obtaining United States equipment. Unless there were a supply committee, Canada's position concerning procurement of U.S. supplies would be comparable to that of the South American countries.

5. *The Secretary to the Cabinet* indicated that, while there was a good case for the inclusion of a Supply Committee within the Canada-U.S. Regional Planning Group organization, there did not appear to be at this time a requirement for a Financial and Economic Committee. It might be possible to incorporate the supply and economic considerations into any military plans on a purely domestic basis.

6. *The Under-Secretary of State for External Affairs* suggested that it would be appropriate at this time to indicate to the United States Government through the Ambassador in Washington that, insofar as the Canada-United States Regional Planning Group organization was concerned, the Canadian authorities preferred to follow the pattern of Western Union, which would provide for a Ministerial Committee and in addition Supply and Financial and Economic Committees, on the same status as that of the Chiefs of Staff.

7. *The Committee*, after further discussion, agreed to recommend to the Minister of National Defence that the Canadian Ambassador in Washington be requested to advise the U.S. authorities informally that Canada desired to have within the Canada-United States Regional Planning Group a Ministerial Committee, together with provision for a Supply Board and a Financial and Economic Committee.

III. *North Atlantic Ocean Regional Planning Group*

8. *The Chief of the Naval Staff* stated that the report of the ad hoc committee to the North Atlantic Ocean Regional Planning Group was not yet available. However, it was understood that the only major amendment to the original report was the inclusion of an additional sub-group in the organization responsible for the "the Defence of Areas not covered by other Regional Planning Groups". This additional sub-group, which was required to co-ordinate the defence plans for Greenland, was composed of Canada, the United States and Denmark.

(CSC 5-27-7, CSC 5-27-10 of 10th November, 1949†)

9. *The Committee* noted the remarks of the Chief of the Naval Staff.

397.

DEA/50030-T-40

Le ministre des Finances au ministre de la Défense nationale

Minister of Finance to Minister of National Defence

Ottawa, November 16, 1949

My dear Colleague:—

I have your letter of November 3 about estimates for the fiscal year 1950-51.†

I am in agreement with your suggestion that the preparation of your estimates for the fiscal year 1950-51 be deferred until the Cabinet has made a decision as to our defence plans which will provide a firm basis for your appropriation next year, and subject to the limitations that I think we both recognize as being necessary in planning beyond this, I would hope will provide a reasonably firm basis over the next five years. It is important that our defence plans be on a realistic basis and that we take what precautions we can to avoid the implementation of plans which it

may not be possible to fulfill. I am advised by my officials that you will endeavour to have the plans and estimates which will form the basis of discussion in the Cabinet Defence Committee available by about November 15 for our study, and that discussions in the Cabinet Defence Committee will commence about the end of this month. I think we should try to meet this timetable because any delays may make it difficult for us to get the material required for the 1950-51 estimates in proper shape by the time we need it.

It will be in order to discontinue the classification of that part of your appropriation which is still under "Demobilization and Reconversion".

I should like to add that I feel the Cabinet Defence Committee should consider at the same time as your program the additional expenditures, if any, which we can expect as a direct result of our obligations under the North Atlantic Treaty. I realize that it may be difficult at this stage to estimate these with any precision, but I think it is most important that the Committee, and later the Cabinet, have before it the best forecasts that can be made by your officers as well as the Department of External Affairs of our prospective requirements under the Treaty, whether for military services and facilities (e.g., reciprocal training arrangements), or the provision of equipment or supplies, either from stocks or production. It seems to me that our policy should be, so far as possible, to determine our defence program and budget as a whole. Perhaps it would be as well for the Chiefs of Staff to give some consideration in advance of our meetings to the relationship between their own programs proper and other defence programs and expenditures arising out of the Treaty, so that we can discuss this at the same time as the Service programs.

I assume that you or the Secretary of State for External Affairs will be furnishing us with the usual Intelligence appreciation of the general security situation as a necessary background to the consideration of the programs.

In view of its bearing upon any program arising out of the North Atlantic Treaty, I am sending a copy of this letter to Mr. Pearson with a note saying that I hope he will be prepared to discuss this aspect of the matter at the Committee meetings.

Yours very truly,
D.C. ABBOTT

398.

DEA/50030-T-40

*Le ministre des Finances
au secrétaire d'État aux Affaires extérieures*

*Minister of Finance
to Secretary of State for External Affairs*

Ottawa, November 17, 1949

My dear Colleague:—

I enclose a copy of a letter I have written the Minister of National Defence regarding consideration of the defence program and estimates for the next year.

You will note I have suggested that the Cabinet Defence Committee should consider at the same time as the Service programs the additional expenditures, if any, which we can expect as a direct result of our obligations under the North Atlantic Treaty. I quite realize that it is difficult at this stage to know what these will be, but I think it is important that the Committee and the Cabinet have the best opinions that they can obtain from the Defence authorities, as well as from yourself and your Department, of our requirements under the Treaty, both for military services and facilities for the provision of equipment or supplies.

I understand that Mr. Claxton is likely to be going to the meeting of the Defence Committee of the North Atlantic Treaty powers in Paris at the end of the month and that it will be difficult to have full consideration of these matters in our Cabinet Defence Committee before he leaves, but I would hope that we could have one meeting on this general problem and perhaps hear the views of the Chiefs of Staff in regard to their own programs, as well as their preliminary views and the other preliminary views that can be put forward at this stage regarding the effect of the Treaty upon our Defence program.

Yours very truly,
D.C. ABBOTT

399.

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*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Under-Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2774

Ottawa, November 17, 1949

SECRET

Following from Heeney. Begins: North Atlantic Council Meeting.

The Minister in his general statement to the House of Commons yesterday said, with respect to the importance of implementing Article 2 of the Treaty, that the first thing was for the North Atlantic Council "at its next meeting" to consider what machinery should be set up for study and discussion and negotiation on this whole question and how best to implement the obligations of all members of the North Atlantic community "to promote conditions of stability and well-being, to seek to eliminate conflict in their international economic policies and to encourage economic collaboration between them". By now you should have received the full text of the statement on this question.

2. What the Minister had in mind in referring to "the next meeting" was the next meeting of the North Atlantic Foreign Ministers. He was not thinking of tomorrow's meeting when the Ministers will be presented by the heads of their countries' diplomatic missions.

3. You will recall that at the first meeting of the Council the Norwegian Foreign Minister referred to the desirability of having consideration given to the imple-

menting of Article 2. Mr. Pearson had, of course, mentioned the importance which we attach to that provision and M. Schuman also expressed his concurrence quite emphatically.

4. In view of what the Minister said in the House it is desirable that mention be made of the advisability of having the Working Group consider at an early date the machinery that might be set up for discussion of this question, with the object of having proposals worked out for submission to the Council when next the Foreign Ministers meet.

5. It may be that your Norwegian colleague would mention this question. If not, the Minister would like you to do so unless you see some serious objection.

6. I realize that this matter is not on the agenda for tomorrow's meeting but we would hope that something could be said, nevertheless, which would appear in the record of proceedings. You will notice when you see the Hansard that a considerable degree of attention was given by various speakers to the importance of the economic provisions of the North Atlantic Treaty.

7. You might let me know in due course what is done in this connection. Ends.

400.

DEA/50030-A-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3172

Washington, November 18, 1949

SECRET

Second meeting of the North Atlantic Council.

1. The Council meeting this afternoon formally approved the summary minutes of the first session on September 17th (see our despatch No. 2701 of November 5th)†; adopted the report of the working group on the Defense Financial and Economic Committee; and approved a communique, to be issued immediately after the meeting, giving the texts of the report on the Defense Financial and Economic Committee and of the Defense Committee's directive to the Military Production and Supply Board.

2. Mr. Acheson opened the meeting with a brief statement to the effect that satisfactory progress had been made in establishing the defense organization, noting that there had been meetings of the Defense Committee, Military Committee, standing group and the five regional planning groups. He also referred to the forthcoming meetings of the Military Committee on November 29th and of the Defense Committee on December 1st, pointing out that it would probably be necessary for the Council to meet again some time in December to receive the report of the Defense Committee.

3. During the discussion of the working group's report on the Defense Financial and Economic Committee I took the opportunity of making a statement regarding the implementation of Article II along the lines indicated in your EX-2774 of November 17th. The text of my statement will be given in a separate teletype.† I was supported by the representatives of France and Norway, and Mr. Acheson said that he assumed we should be presenting a concrete suggestion at a further meeting of the Council as a basis for a directive to the working group. I replied that we should certainly be willing to give some thought to this.

4. At the conclusion of the meeting the Belgian Ambassador said that he wished to point out that his Foreign Minister, while not objecting to this particular meeting, would not like to see it establish a precedent for the handling of Council business through meetings of Ambassadors in Washington. This was noted, but the point of view expressed did not receive any support from other representatives, who seemed to feel that special meetings of the Ambassadors were fully justified if the nature of the business to be transacted would not warrant the attendance of Foreign Ministers. I also pointed out that such meetings had the advantage of keeping the Council alive from the standpoint of the public and that it was probably desirable to have special sessions of this sort between the relatively infrequent meetings of the full Council.

401.

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*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3174

Washington, November 18, 1949

CONFIDENTIAL

Meeting of the North Atlantic Council—U.S. reactions to my statement regarding Article 2 of the North Atlantic Treaty.

1. Ignatieff had an opportunity of speaking with Perkins, Achilles and Galloway separately after the meeting. Each of them indicated that they would have liked to have been consulted before the issue was raised in the Council. As to the manner of proceeding with this question in the future, each of them said that it was their understanding that the Chairman (Mr. Acheson) had not committed the Council to taking the matter up at the next meeting of the Council (which may take place about the middle of December to consider the report of the Defence Committee) as he had specifically referred to "a further meeting". It was also their understanding that the Chairman had suggested that we should submit a specific proposal of a procedural character upon which the Council might base its instructions to the Working Group to commence a study of the substance of the matters involved. Perkins said that we could, of course, ask for a meeting of the Working Committee before the Council meets and submit a draft of a paper setting out the procedure which might be followed in initiating the studies we had in mind, leading to the

implementation of Article 2. He hoped that we would consult both the British and the United States before submitting such proposals.

2. Achilles, referring to the talks that he had had with myself and Ignatieff previously, regarding the question of working out methods of collaboration in the economic and financial field which might serve the interests of a wider integration of the North Atlantic countries, said that the State Department thinking was in an elementary status in this regard, and suggested that the best means of clarifying the issues was to discuss the matter through the tripartite consultation machinery now established in Washington.

3. Referring to the prolonged nature of the study which would be necessary before any new North Atlantic machinery for implementing Article 2 could be put into effect, Galloway remarked that he thought that there would be difficulties on the U.S. side of taking any action in this regard until after the next session of Congress.

402.

DEA/50105-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3178

Washington, November 18, 1949

SECRET

Following for Heeney from Wrong, Begins: Your EX-2774 of November 17th, North Atlantic Council meeting.

1. We are reporting separately on the proceedings at the meeting. This message deals with your instructions to raise the question of machinery to give effect to Article 2. While I had doubts about raising this matter, my doubts did not amount to a "serious objection" (your paragraph 5). I was readily supported by the French and Norwegian Ambassadors and no one expressed opposition. Acheson, however, neatly returned the ball to me by asking me to propose at an early meeting of the Council the terms of an instruction to the working group. All I could do was to say that we would have a shot at this.

2. We have learned privately, however, that my intervention caused some irritation in the State Department. (See my separate report). I have already reported that the State Department is now more receptive than it used to be towards the creation of machinery to give effect to Article 2. Rusk and Achilles, and also Bissell of E.C.A., have all spoken to me recently in this sense. They are sure, however, that a good deal has to be done before the subject is ripe for consideration by the working groups and the Council. They are thinking of taking up the matter first in the forum of the tripartite economic discussions.

3. What might be done under Article 2 is an extremely difficult matter to determine. I set forth some of the difficulties which occurred to me in my message to

you WA-1547 of June 3rd, but so far as I know the thinking in Ottawa has not advanced since then, while the creation of the tripartite economic arrangements has added to the complexity of the problem.

4. I have puzzled my head about the duties which could be appropriately given to a general North Atlantic economic agency, paying due regard to the activities of Gatt, the Bank and Fund, O.E.E.C., the Economic Council for Europe, and other international bodies, and also to the tripartite arrangements here. I have not come up with any answer, except the somewhat negative one that there may be useful scope for a North Atlantic Economic Council when the European Recovery Program is wound up in 1952. If that is correct, those concerned should, of course, begin to consider the matter long before the end of E.R.P., but hardly with a view to securing a decision of the North Atlantic Council at its next meeting attended by the Foreign Ministers.

5. We are, however, more or less committed to propose something to the Council at one of its next routine meetings here. I trust, therefore, that as a result of interdepartmental consideration in Ottawa, some definite and practical proposal may be developed, indicating how the study of the problems can profitably be undertaken by the working group, so that we do not incur the suspicion that we are advocating the creation of a new international agency as an end in itself and not as a means to an end. Ends.

403.

DEA/50030-S-40

Note du ministre de l'Industrie et du Commerce
Memorandum for Minister of Trade and Commerce

SECRET

[Ottawa], November 23, 1949

NORTH ATLANTIC TREATY

We should decide soon how we intend to give effect to Article 3 of the Treaty: "In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack".

(1) *Self-help*

A nation's expenditure on defence is an indication of what it is doing to help itself but it is no indication of the adequacy of its defences. A country in a perfect state of defence might need to spend less in maintaining its defences in any year than another country would have to spend in the course of building up its defences. Nevertheless the first country would be discharging in full its obligation to help itself. The real test is whether a country is doing all that it needs to do or all that it can do.

This might be our answer to any attempt to establish the principle of equality of sacrifice in the course of which our expenditures might be compared unfavourably to the expenditures of other signatories to the Treaty. In any such comparison use would probably be made of the following table showing (a) Percentage of military

expenditure to total national income; and (b) Percentage of military expenditure to total Government expenditure of the Western Union countries and the United States for calendar year 1949 or fiscal year 1950.

Country	Percent of Military Expenditure to National Income	Percent of Military Expenditure to Total Government Expenditure
		Western Union Countries:
United Kingdom	7.6	20
France	4.9	17
Belgium	3.2	12
Luxemburg	1.0	3
Netherlands	7.7	23
United States	6.4	34

This table is taken from a Congressional Committee report. I do not know the bases used, so that it is hard to give a comparable Canadian figure. Our own calculations would probably produce a percentage of defence expenditure to total national income of a shade better than 2 per cent for 1948; and percentage of defence expenditure to current federal budget of about 16 per cent.

(2) *Mutual Aid*

The amount of Mutual Aid which a country should extend should not be related to the amount the country is spending on its own defence, but related directly to its physical and financial capacity to help others.

The United States has provided under the Mutual Defence Assistance Act \$1,314,000,000, of which \$1,000,000,000 is for Western Europe. The Western European nations have undertaken an additional munitions programme over two years amounting to \$460,700,000, of which the United Kingdom is making roughly one-half and France just under 30 per cent. There have been a number of intra-European transfers arranged. The United Kingdom will supply France with \$25,000,000 of aircraft equipment without payment and a number of barter transfers are contemplated.

There are several choices open to us if we extend mutual aid. We can provide a lump sum and impose conditions as the United States is doing through its bilateral agreements. We could make a lump sum available without imposing conditions, relying on the undertakings in the treaty itself.

However, the course which appeals to me is for us to announce our willingness to consider meeting deficiencies once *they are established by the North Atlantic Treaty Organization*. It is expected that the Military Production and Supply Board will establish deficiencies by taking the military concept and breaking it down into terms of munitions and supplies. We could declare our willingness to consider whether we could meet such established deficiencies physically and financially. We would make it clear that supplying deficiencies will in almost all cases entail American dollar expenditure and that we do not expect to be able to meet such

expenditure. I think that the question of the American dollar component will arise in nearly all cases, because I understand that what surplus equipment we have is not likely to be much help in meeting deficiencies; and the British have surpluses of the same items.

I think it advisable that we be prepared to announce our position at the meeting of the Defence Committee, which the Minister of National Defence will attend on December 1st, if anything like an appropriate occasion presents itself. There is nothing to be gained by waiting until we are asked and much to be gained by announcing our position on our own initiative. One of the less obvious advantages is that it will permit us to deal with the type of enquiry that is already reaching us.

For example, North American Cyanamid Limited has a plant in standby position at Welland capable of producing picrite. We had hoped that the British would place an order with us; but they have decided—they say for financial reasons—to create capacity in England. Even with this capacity it is anticipated that there will be a serious shortage of picrite and it is generally felt that picrite should be stockpiled now that all available production lines should be maintained; and the British hope we would do so on our own. Our answer to the British would be that we would consider supplying picrite once the deficiency had been established by the North Atlantic Treaty Organization. We would thus not have to deal with deficiencies foreseen by individual countries, nor even with deficiencies established by Western Union. Further, we could make our contribution dependent upon our obtaining an order the United States. We have been hoping for an order from the United States for about one-half the plant capacity. We might ensure it if we could contribute an order ourselves.

We could deal in similar fashion with the type of enquiry that may come to us as a result of the visit of the Canadair officials to the United Kingdom and the Netherlands. Canadair officials, in their own commercial interests, are looking for business in Europe. When the European countries learn of capacity available in Canada they at once think of the possibility of obtaining aircraft from Canada under the mutual aid provision of the North Atlantic Treaty. We would reply to any request by saying that the North Atlantic Treaty Organization would first have to establish the deficiency and we would have to investigate the possibility of obtaining the substantial United States dollar component from the United States.

In addition to announcing our general position, I think we should also make at the Defence Committee any offer of special facilities which we are prepared to put forward. The one I have in mind is an offer of air training facilities in Canada. In view of our glorious record during the war in this field, I am sure that such an offer will be regarded as extremely helpful. We could thus make an immediate substantial and welcome contribution to the "collective capacity to resist armed attack".

404.

DEA/50030-L-40

*Extrait du procès-verbal de la réunion du Comité
de la Défense du Cabinet*

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], November 23, 1949

...

VI. NORTH ATLANTIC TREATY; MUTUAL AID

17. *The Minister of National Defence* stated that, although the total deficiencies of the North Atlantic Treaty Organization would not be known until the overall plans had been further developed, preliminary consideration had been given to the sort of aid which Canada might appropriately provide. At the meeting of the Defence Committee, in Paris on 1st December, it was not expected that the scale of Canadian assistance would come up. It would be helpful, however, if the Canadian representatives might have an indication of the government's general attitude to guide them in the informal talks that might be expected to take place.

There appeared to be four ways in which aid might be made available to the Western European countries. The first was the provision of troops in Europe. From a Canadian point of view, this did not appear practical because any contribution of this sort which Canada might make would be relatively very small. There was, however, a requirement for additional air fighter strength in Europe. It might be feasible at a later date for R.C.A.F. squadrons to carry out a tour of duty in the United Kingdom. If this could be done without having to provide airfields and ground maintenance, no great expense would be involved.

The second method was the provision of finished military equipment. Unfortunately the European countries appeared to be only short of the same types of equipment as Canada. The equipment which was required and which Canada could produce would have a large U.S. dollar content and this complicated this form of assistance.

The third method was the provision of Army and Air Force training facilities in Canada for Service personnel of the North Atlantic Treaty countries. Canadian training facilities were good and it was a traditional role insofar as Canada was concerned. Student strengths at existing schools could be increased without much additional cost. It was estimated that Canada could offer approximately three or four hundred officer vacancies at Canadian Service establishments.

The fourth method was the provision of raw materials.

18. *The Minister of Trade and Commerce* submitted a departmental memorandum which set forth some of the principal considerations in giving effect to Article 3 of the Treaty. There might be some advantages in taking the initiative in this matter rather than waiting to be asked.

The best procedure seemed to be to determine deficiencies within the North Atlantic Organization and then consider, in the light of physical and financial capabilities, how these deficiencies could be met. For Canada the U.S. dollar content in

finished equipment and supplies constituted a problem and this would have to be taken into consideration.

An explanatory note was circulated.

(Memorandum from Trade and Commerce—Cabinet Document D237 dated 23rd November, 1949.)†

19. *The Chief of the General Staff*, referring to the possibility of Canada offering training facilities, stated that training establishments in the United Kingdom were overcrowded. It was understood that the offer of Canadian facilities would be most welcome. The value to the European countries would be much greater than the actual cost to Canada in making available the vacancies at Service training schools.

20. *The Prime Minister* suggested that it would be advisable to enquire, without becoming involved in a commitment, as to whether or not this sort of offer would be of value to the European countries.

21. *The Committee*, after further discussion:

(a) authorized the Minister of National Defence to explore, informally and without commitment, at the forthcoming meeting of the North Atlantic Defence Committee in Paris, whether an offer by Canada to provide training facilities on a limited scale for Service personnel of other signatory countries would be a useful contribution to overall defence; and

(b) agreed that, if the Minister considered it necessary to make any statement at the forthcoming meeting of the North Atlantic Defence Committee in Paris regarding the implementation of Article 3 of the Treaty, he might say that, while the Canadian Government had not settled their approach to this problem, consideration had, however, been given to the method for determining policy and in their view the procedure should be to determine deficiencies of military equipment and supplies within the North Atlantic Treaty Organization and thus permit consideration to be given to the problem of meeting these deficiencies in the light of physical and financial capabilities to do so; it being pointed out that any contribution of equipment and supplies by Canada would inevitably raise the problem of U.S. dollar content.

405.

DEA/50030-C-40

*Extrait d'une lettre de l'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Letter from Ambassador in United States
to Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL

[Washington], November 25, 1949

ORGANIZATION UNDER ARTICLE 2, NORTH ATLANTIC TREATY

I had a brief talk with Mike in New York yesterday morning on a number of matters, of which there are two about which I should let you know.

The first one is the question of organization under Article 2 of the North Atlantic Treaty. When I raised this, he at once said that the first thing to be done was to give the whole matter a great deal more thought in Ottawa. I ran over the difficulties of pushing the issue into the Working Group here and emphasized that I was sure that the project would get a good deal further if discussion of it was limited as far as possible to informal exchanges, including the tripartite arrangements in Washington. I pointed out that a number of fairly important people here, such as Rusk and Bissell, were interesting themselves in the possibilities, but had as yet nothing at all definite to propose. I also told him that I could myself see no place for a general North Atlantic economic and financial agency until E.R.P. came to an end, although if such an agency were to begin to operate when E.C.A. folded up, a lot of preliminary work would be needed which ought to start pretty soon.

Mike agreed with all this and also, I think, with my observation that now that we had raised the matter in the Council, we ought to stall along for a while and not try to get the Working Group on to it. This may present some tactical difficulties, especially if the French or the Norwegians pursue the matter strongly.

This part of this letter will be of interest to Plumtre and [Douglas] LePan, with whom I had a longer conversation than I had with you, and I should be glad if you would pass it on to them.

406.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECURITY

Ottawa, November 28, 1949

NORTH ATLANTIC TREATY; NEXT MEETING OF DEFENCE COMMITTEE

3. *The Prime Minister* reported that, following his arrival in Paris, the Minister of National Defence had enquired as to the desirability of proposing Ottawa as the location of the next meeting of the Defence Committee.

(Telegram No.785, dated November 28th, from the Canadian Ambassador in Paris).†

4. *The Cabinet*, after discussion, agreed that the Minister of National Defence be informed that it was felt it would not be desirable to propose, at the present time, that the next meeting of the Defence Committee under the North Atlantic Treaty be held in Ottawa.

407.

DEA/50030-T-40

*Le sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, November 29, 1949

Dear Mr. Pearson:

Three items of importance were discussed by Cabinet Defence Committee at its meeting on November 23 about which I think you would wish to be informed.

2. Mr. Claxton presented two statements projecting defence expenditures to 1954-55. The first statement did not provide for an increase of equipment, but was a projection to 1954-55 of our present commitments. This statement indicated that, based on the expenditure, in millions, in 1949-50 of \$382.9, expenditures would reach approximately \$567.8 in 1950-51, \$494.1 in 1951-52, \$466.7 in 1952-53, \$427.0 in 1953-54 and \$416.1 in 1954-55. The second statement was based on a desired programme developed within the manpower ceilings as previously approved by the Government and provided for a considerable increase in equipment and spares for maintenance. This five-year programme envisaged expenditures, in millions, in 1950-51 of approximately \$633.2, in 1951-52 of \$586.0, in 1952-53 of \$619.4, in 1953-54 of \$589.3 and in 1954-55 of \$584.9. Mr. Claxton stressed that it would be of great advantage in the development by the Chiefs of Staff of a long-term plan if some indication could be given of the defence funds which might be provided over a consecutive period of years. Although no firm decision was taken, it was agreed by the Committee that it would be desirable to initiate a five-year defence plan and that the programme as submitted by Mr. Claxton should be examined by officials of the Department of National Defence and of Finance.

3. Mr. Claxton also raised the question of extending training facilities to other members of the North Atlantic Treaty. After some discussion, the Committee authorized Mr. Claxton to explore informally and without commitment at the forthcoming meeting of the North Atlantic Defence Committee in Paris whether an offer by Canada to provide training facilities on a limited scale for Service personnel of other signatory countries would be a useful contribution to overall North Atlantic Defence plans.

4. Mr. Howe presented a paper prepared by Mr. Pierce, a copy of which is enclosed,³³ discussing possible Canadian contributions under Article 3 of the North Atlantic Treaty. After some discussion, the Committee agreed that Mr. Claxton could, if he considered it desirable or necessary, make a statement at the meeting of the Defence Committee to the effect that, while the Canadian Government had reached no decision as to her part in implementing Article 3 of the Treaty, Canada was prepared to consider the problem of meeting North Atlantic deficiencies once

³³ Document 403.

they had been established by the North Atlantic Treaty Organization. At the same time, Mr. Claxton would point out that any contribution of equipment and supplies by Canada would inevitably raise the problem of U.S. dollar content.

Yours sincerely,

A.D.P. HEENEY

408.

DEA/50030-E-40

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures
Ambassador in France
to Secretary of State for External Affairs*

TELEGRAM 789

Paris, November 30, 1949

TOP SECRET

Following for MacKay from Smith, Begins: Military Committee met yesterday at 1000 hours. General atmosphere one of harmony and co-operation. The following representatives were present:

Belgium—Lieutenant-General Etienne Baele
Canada—Lieutenant-General Charles Foulkes
Denmark—Major-General Eric C.V. Moeller
France—General Charles Lycheres
Italy—Lieutenant-General Effisio Marras
Netherlands—Vice Admiral Jonkheer E.J. Van Holthe
Norway—Lieutenant-General Bjarne Oen
Portugal—General Anibal Valdez Passos Souza
United Kingdom—Admiral Lord Fraser
United States—General Omar N. Bradley

A summary of the discussions by item follows:

(1) Strategic concept for the defence of the North Atlantic area—The Danish representative suggested that reference to the atomic bomb should be deleted from the list of basic undertakings. This however was not agreed and this proposal was withdrawn. The Portuguese representative indicated that Portugal could not accept the wording used to describe the co-operation in the matter of military operating rights. As a result the Committee agreed to reword sub paragraph 8 (j) to indicate military operating rights would only be provided as mutually agreed between countries. The Netherlands representative suggested a rewording concerning the development of military strength consistent with economic recovery which would not be restrictive. There was also discussion concerning the conduct of psychological and cold war operations and as a result of Danish representations reference to the cold war was deleted.

The above plus minor amendments were incorporated and the strategic concept was approved for transmission to the Defence Committee.

(2) Progress report by the Standing Group—This is namely an outline of work to date and was accepted by the Military Committee. Discussion took place on the relationship of the accredited representatives with the Standing Group and it was agreed that in preparation of the strategic guidance suitable arrangements would be made which would enable accredited representatives to obtain early information on the work of the Standing Group.

(3) Meetings of Regional Planning Groups—All Regional Planning Groups have held initial meetings and internal organization has been completed for the North Atlantic Ocean Regional Planning Group and the Northern European Regional Planning Group.

(4) Summary of activities by the Standing Group—This report covered the work which has been completed to date by the Standing Group.

(5) Organization of the Standing Group—Rear Admiral James H. Foskatt USN has been designated as initial Director of the Standing Group. Under him the organization consists of three international working teams and three secretaries equally provided by France, the United Kingdom and the United States together with necessary clerical and administrative staff.

(6) Standing Group budget—A proposal has been made that the administrative costs of the Standing Group should be borne by the three members for the present fiscal year without prejudice to any subsequent arrangement. Although accepted by the Military Committee it is understood that the United Kingdom at the Defence Committee may suggest that the policy of host Government bearing expenses should be accepted.

(7) NATO security system—The accepted security system is based on Western Union practices and parallels it in almost all aspects.

(8) Military Production Supply Board—The Military Committee noted without comment the report of the Military Production Supply Board which will be tabled tomorrow at the Defence Committee meeting.

(9) Allocation of merchant shipping—In view of our current meetings in Washington no action is recommended by the Military Committee. From the discussions it would appear that merchant shipping (tonnage) will not be considered by any North Atlantic Organization.

(10) Communique—It has been accepted that the Military Committee will not issue communiques. This being the prerogative of the Defence Committee.

(11) Location of the next meeting of the Military Committee—It was felt that as the time and place of the next meeting depended on progress of work by the Standing Group recommendation should be left to that group. Separate informal conversations indicate possibility of Rome as location of next meeting.

In addition to above Committee considered two proposals by Italian and Portuguese delegates which had been referred by the Standing Group. Italian proposal concerned better liaison between groups: existing machinery considered adequate and no action taken on this proposal. Portuguese proposal for representation on a sub-group of North Atlantic Ocean Regional Group had already been covered by

organization of that group and no action was required by Military Committee. Ends. (This message was released December 1st.)

409.

DEA/50030-B-40

Rapport du ministère de la Défense nationale
Report by Department of National Defence

TOP SECRET

Paris, December 1, 1949

NOTES ON THE SECOND MEETING OF THE NORTH ATLANTIC DEFENCE COMMITTEE
 HELD IN PARIS, THURSDAY, 1ST DECEMBER, 1949³⁴

I. Review of Progress of Defence Planning in the North Atlantic Treaty Organization

1. This item consisted of a brief report, indicating that the Standing Group had completed the strategic concept and that it was now in the process of issuing a paper entitled "Strategic Guidance to Regional Planning Groups".

2. At the meeting of the Military Committee, Lieutenant-General Charles Foulkes had pointed out that, in the preparation of the strategic guidance paper, it was essential that the first draft as prepared by the Standing Group be submitted to the Chiefs of Staff of all signatory countries through the accredited representatives in Washington in order that the comments and recommendations of the various Chiefs of Staff could be incorporated in the final draft of the paper. This was necessary because of the fact that the Chiefs of Staff of each country were held responsible by their respective governments for the defence planning; therefore it would be incompatible for a signatory country to accept a report on strategic guidance, including forms and scales of attack, if the views of the respective Chiefs of Staff had not been first sought.

3. At the Defence Committee meeting, the Ministers of Defence for Norway and Denmark referred to the stand taken by General Foulkes and suggested that, so long as it was clearly understood that the procedure outlined above would be followed in the preparation of the report on strategic guidance, they were prepared to accept the Review of Progress paper.

4. After a short explanation by General Bradley, in which he gave assurance that the procedure as outlined by General Foulkes would be followed in the preparation of the strategic guidance paper, the Defence Ministers accepted the Review of Progress.

II. Summary of Standing Group Activities

5. This item was a report by the Military Committee, which indicated that the Standing Group had now been organized, with Rear-Admiral James K. Foskett, USN, as the initial Director, under whom there were three international working teams and three secretaries, equally provided by France, the United Kingdom and

³⁴ Mis en circulation par le secrétaire du Comité des chefs d'état-major, le 9 décembre 1949.
 Circulated by the Secretary of the Chiefs of Staff Committee on December 9, 1949.

the United States, with a clerical and administrative staff; the whole totalling approximately forty-five. It also included reference to the work of the Standing Group in the preparation of the proposed security system, the broad concept, the planning guidance to the regional groups, and the action taken by the Standing Group concerning Portuguese and Italian proposals in regard to their respective status in the planning groups concerned. The summary made reference to the concept for the production and supply of munitions, allocation of merchant shipping, and the appointment of accredited military representatives to the Standing Group.

6. As this item was merely an informative report, there was no discussion and approval was given to it by the Defence Committee.

III. *Proposal by the Italian Delegate to the Defence Committee to Amend the Directive from the Defence Committee to the Military Committee*

7. This item referred to a proposal by which the Italians hoped to obtain what they considered to be better intra-regional defence co-ordination.

8. The Military Committee had considered this matter and were of the opinion that there were ample arrangements for liaison between the regional planning groups and that it was not necessary to amend the present directive.

9. Upon assurance from Secretary Johnson, Chairman of the Defence Committee, that the spirit of the North Atlantic Treaty was one of co-operation between nations and groups of nations and that, while an amendment might improve the wording of the directive, it could not improve the relationship between countries and groups, the Italian delegate agreed to accept the views of the Military Committee.

10. The report of the Military Committee was accepted without further comment.

IV. *Proposal by the Portuguese Delegate to the Defence Committee to Establish a Separate Sub-Group in the North Atlantic Ocean Regional Planning Group*

11. This item had been discussed at the first meeting of the Defence Committee and the proposal had been considered by the Standing Group, who had in turn referred it to the North Atlantic Ocean Regional Planning Group, with a recommendation that it be given sympathetic consideration. As the Portuguese proposal had already been incorporated in the organization plan for the North Atlantic Ocean Regional Planning Group, the Committee approved this item, no further action being required.

V. *The Standing Group Budget*

12. This item consisted of a recommendation from the Standing Group that its budget should be met through direct negotiations between the appropriate representatives of the three nations concerned, this being without prejudice to subsequent discussions at a later date. However, until these financial arrangements had been arrived at, expenses incurred in establishing the Standing Group would be met by the host government without prejudice to future re-adjustments.

13. There was no comment on this item and the Defence Committee accepted the recommendation of the Standing Group.

VI. *Security System for the North Atlantic Treaty Organization*

14. The Standing Group had produced a security system, which in the main parallels that used by Western Union. As this is a long, detailed document and as copies

will be forwarded at a later date, no attempt to explain the system will be included here.

15. One point of interest, however, concerns transmission by cypher. In this regard the United Kingdom has offered to supply all member nations with Typex Mark II machines for this purpose, and the approval of the paper by the Defence Committee constituted an acceptance of this offer.

16. There was no particular comment on the system and the report as produced by the Standing Group and previously passed by the Military Committee was accepted by the Defence Ministers.

VII. *A Concept for Providing the Production and Supply of Munitions under the North Atlantic Treaty*

17. This report was tabled by the Military Production and Supply Board and indicated that the Board would undertake the following:

(a) a study of the physical capacity of the European signatory countries for producing military end products;

(b) a review of currently planned programmes of European signatory countries for the production of military equipment and spare parts for use in the common defence of the North Atlantic area, with the object of ensuring that, wherever practicable, the principle of integrated military production would be adopted;

(c) an inventory of military equipment and spare parts in the European signatory countries which are of U.S. origin and are surplus to the needs of the possessor country;

(d) an immediate study to indicate the composition and volume of military equipment and spare parts currently surplus to the needs of the possessor countries, for the purpose of laying the foundation for transfers to other signatory countries as their needs are determined;

(e) the development of short and long range plans for the promotion of standardization of military end products and production methods; and

(f) a study of the adjustment of location of production facilities.

18. The Defence Committee approved this report.

VIII. *Strategic Concept for the Defence of the North Atlantic Area*

19. The first discussion of interest centred on the wording of one of the basic undertakings, which read as follows: "ensure the ability to carry out strategic bombing, including prompt delivery of the atom bomb. This is primarily a United States responsibility, assisted as practicable by other nations".

20. The Danish Defence Minister stated that he was concerned regarding the position of the signatory countries in the event that there should be a leak regarding the fact that there had been a discussion as to whether or not specific mention should be made in the Strategic Concept in regard to the prompt delivery of the atomic bomb. While it was hoped that observance of security measures would preclude such a leak, the Defence Ministers had to face up to the fact that already in Paris there had been considerable discussion in the press in connection with certain matters which had been discussed at the Military Committee. As the question had unfortunately been raised, the Danish Minister suggested that the only alternative

left to the Defence Committee was to remove from the Concept any reference to the delivery of the atom bomb. He went on to point out that in certain European countries opposition to participation in the North Atlantic Treaty had not been fostered solely by the Communist Party. If it became known in these countries that the North Atlantic countries were planning to use the atomic bomb, there might be a lessening in support for the Treaty. In addition, the U.S.S.R. and her satellites could make excellent propaganda of the fact that the North Atlantic countries were preparing to use the atomic bomb when at the same time these countries were endeavouring at Lake Success to indicate their willingness to outlaw the atom bomb. He advocated strongly the removal of the reference to the delivery of the atom bomb, pointing out at the same time that such action would not in any way affect the United States in her endeavours to ensure the prompt delivery of the bomb.

21. The Belgian Minister of Defence was opposed to any change in the wording of the Concept in that deletion of the clause concerning the delivery of the atomic bomb would weaken considerably the strength of the North Atlantic Defence Organization. The ability of the United States to deliver promptly the atomic bomb was one of the main factors on which Belgium was basing her defence.

22. The United Kingdom Minister of Defence endeavoured, without success, to compare the present situation regarding the atom bomb with that surrounding the use of gas in World War II. His main point appeared to be that the United States should, by every means possible, ensure her ability to deliver the atom bomb to the end that, in the event of war, the United States would be able to announce her intention to use the atomic bomb if the Russians initiated this form of warfare.

23. The French Minister of Defence pointed out that, because of the disproportionate strengths of the Armed Forces as between the Western European countries and the U.S.S.R. and her satellites, it was necessary for the European countries to have a guarantee that, in the event of war, the atomic bomb would be used immediately.

24. After considerable discussion, the Defence Ministers agreed to recommend that the basic undertaking as quoted above read as follows: "ensure the ability to carry out strategic bombing promptly by all means possible and with all types of weapons. This is primarily a United States responsibility, assisted as practicable by other nations".

25. The Portuguese Defence Minister, referring to the co-operative measures which were included in the Strategic Concept and in particular to that concerning the construction, maintenance and operation of military installations (which involves the use of bases in various signatory countries) made it clear (painfully to certain countries) that Portugal would not accept any measure which indicated that any one power, because of the agreed Concept, could construct military bases and installations in another country without the consent of that particular country.

26. Although the construction and operation of military installations might be of mutual concern, it would be necessary that such construction could only be done with the full agreement of the countries concerned. To this end, the following revised clause was substituted: "co-operation in the construction, maintenance and

operation of military installations of mutual concern, as agreed to mutually by the countries concerned".

IX. Relations between the North Atlantic Defence Organization and the Brussels Treaty Defence Organization

27. This item was tabled without notice and with considerable apology by the U.K. Minister of Defence, and justifiably so, in that the explanatory diagram which was referred to in the paper was not available. Similarly an amendment which was distributed at the beginning of the meeting was further revised by another amendment which was distributed as the item was discussed. There was considerable confusion in endeavouring to ascertain just which piece of paper was to be considered. Further dilemma was created because of the fact that the distribution of the various papers was not the same and holders of certain papers found themselves talking on those papers when, in fact, they had been amended by a revision which they had not received.

28. The Canadian Defence Minister suggested that there was certain incongruity in the fact that it appeared that the North Atlantic Defence Committee was acting as the Brussels Treaty Defence Committee and was in fact making amendments to proposals which had been put forward by the latter organization.

29. The final outcome of the discussion concerning the relationship between these two organizations was briefly as follows:

(a) the Western European Regional Planning Group will consist of the Chiefs of Staff Committee of the Brussels Treaty and its working staff, the Permanent Military Committee, with the addition of the United States and Canadian representatives as appropriate;

(b) the Defence Committee, the Commander-in-Chiefs Committee, and the Supply Board organs of the Brussels Treaty, will retain their functions and powers which they have derived from that Treaty;

(c) the information on the Brussels Treaty Defence Organization and the work already done or being carried out be forwarded to the Atlantic Pact Defence Organization Standing Group; and

(d) no instructions shall be binding on the Western Union Chiefs of Staff which are at variance with the provisions of the Brussels Treaty without the consent of the Brussels Treaty Powers.

X. Preparation of Communique

30. A communique was prepared by the representatives of all signatory countries, which indicated the work that had been completed by the Military Committee and the Defence Committee. A point of interest in this regard arose out of the difficulty in expressing certain terms in the French and English languages. An unfortunate suggestion was made by the Chairman to the effect that the English version should be accepted and that a French translation should be made from it. As there are two official languages for the North Atlantic Treaty, the French Minister of Defence commented immediately on this suggestion and reminded the Committee that there were in fact two official languages and that the question of translating from one language into the other was inappropriate.

XI. *The Next Meeting*

31. It was suggested that consideration concerning the location and time of the next meeting be deferred until such time as the Standing Group had completed the next phase of the work. This would probably be some time in March of 1950. Informally the Italian delegation were sounded out on the possibility of convening the next meetings of the Defence Committee and the Military Committee in Rome. Politically, this would be of the greatest possible assistance to the present Italian Government. However, no official discussion took place concerning location.

410.

DEA/50030-C-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*
*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2143

Ottawa, December 7, 1949

SECRET

Following for Ritchie, Begins: Meeting Permanent Working Staff North Atlantic Defence and Economic Committee. Your telegram No. 2360 of December 6, † our telegram No. 2132 of December. †

With regard to the United States proposal of a study by the Permanent Working Staff on "an estimate of the fiscal resources for defence purposes of the parties to the North Atlantic Treaty for the fiscal years 1950-51," we are very doubtful about the desirability of a study by the Working Staff along these lines, since the decision as to how much a country can spend on defence must be taken by its own government, and even a study along these lines might well prove politically objectionable. It is of course possible that the United States has in mind covering European members only, since they are recipients under ECA and Military Aid. If the study could be confined to European members we should have less objection; but once a study of this sort got under way it might be very difficult to restrict its scope in this way.

With respect to the United States proposal of "a study of the exchange problems resulting from the transfer of goods and services in implementation of the agreed strategic concept of the North Atlantic Treaty," if a discussion of this topic arises you should take occasion to point out that Canada's exchange problem is quite different from that of European members in that we are not recipients of military aid from the United States but are cash customers. The methods for solving exchange problems of European members vis-a-vis each other or vis-a-vis the United States would therefore appear to be quite inapplicable to Canada's exchange problem vis-a-vis the United States or vis-a-vis European members. We therefore doubt very much whether a study by the Permanent Staff of our exchange problems would be appropriate. Ends.

411.

DEA/50030-C-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2384

London, December 8, 1949

SECRET

Referring to my telegram No. 2360 of December 6th† giving the United Kingdom draft of the agenda of the first meeting of the Permanent Working Staff of the North Atlantic Financial and Economic Committee which is meeting in London today.

1. The United States delegation has not yet suggested any additional items for the agenda but has submitted several papers relating to items (1) and (4) in the United Kingdom draft.

2. Under item (1)³⁵ the United States has submitted proposals for the organization of the Permanent Working Staff and its Secretariat which are generally similar to those adopted for the Permanent Working Staff and Secretariat of the Supply Board.

3. Under Item (4)³⁶ the United States delegation has suggested that the full Defence Financial and Economic Committee should be asked to approve the following projects to be undertaken by the Permanent Working Staff:

(a) First priority projects on which recommendations should be prepared by the Permanent Working Staff as rapidly as possible and in any case prior to February 15th, 1950.

(I) On the basis of a survey of the additional financial and economic efforts which can be made to implement Article III of the North Atlantic Treaty and which would be consistent with the maintenance of internal financial stability and support of continued economic recovery, to ascertain the total approximate budgetary resources available in each North Atlantic Treaty country for the defense of the North Atlantic area during the fiscal year 1951 (or the calendar year 1950).

(II) In order to promote effective utilization of resources in implementing Article III of the North Atlantic Treaty, to devise and recommend financial arrangements for transfer among NAT countries of needed military equipment materials and services and of equipment to be used in protecting military equipment. Such arrangements should be designed to minimize interference with the normal pattern of trade and payments transactions.

(b) Second priority project to be undertaken by the Permanent Working Staff:

³⁵ "Review of the terms of reference of the North Atlantic Treaty Defence Financial and Economic Committee and working staff, and purpose of the meeting".

³⁶ "Matters for immediate consideration and decision by the N.A.T. Financial and Economic Committee".

(I) To assess the budgetary and economic impact of military activities, including projected military programs, upon the economies of the producing countries, to adopt formulae and criteria designed to indicate the burdens of defense arrangements in relation to the capacity of the respective NAT countries to support such arrangements; to formulate recommendations designed to promote an equitable distribution of the burden of defense arrangements among the NAT countries.

(II) To assess and study the financial and economic problems involved in military production and supply projects being considered or recommended by the NAT Military Production and Supply Board for the European signatory countries. The Permanent Working Group shall conduct studies to determine the extent to which the financial and economic resources of the NAT countries permit the filling of deficiencies in military equipment requirements.

(III) To measure and to recommend steps to meet the foreign exchange costs of imports from non-member countries of materials and equipment required by defense programmes under NAT.

(IV) To undertake other studies which the Permanent Working Group considers to be essential, referring when necessary to the Financial and Economic Committee for approval.

4. Concerning Item (5)³⁷ on the agenda, Breithut, the United States representative and Chairman, has indicated to Ritchie that he has been thinking in terms of a first meeting of the full Financial and Economic Committee around December 19th in Paris. His reason for thinking of this particular date and location is that the Finance Ministers of the Western Union countries are already scheduled to meet in Paris on December 19th. He thinks it would be generally convenient to have the North Atlantic Committee meet there at about the same time. He remarked that since Hariman will be the United States representative, such a date and place for the first meeting would be satisfactory to the United States. He appreciated that it might well be impracticable for the Canadian Finance Minister, or a senior official from the Department of Finance, to attend a meeting in Paris on such short notice. If, however, the meeting were to be a fairly formal one, merely to approve the programme of work proposed by the Permanent Working Staff, Breithut thought the Canadian Government might not consider it necessary to be represented by the Minister of Finance but might be prepared to be represented at this particular meeting by the Ambassador in Paris. The practicability of such a procedure would seem to depend in part on whether the Permanent Working Staff can agree on a non-controversial programme of work, the approval of which by the full Committee would be largely a formality. The projects already suggested by the United States for inclusion in such a programme (see paragraph 3 above) would seem to be sufficiently substantial, and even controversial, to require more than a merely formal meeting of the full Committee for their consideration and approval.

³⁷ "First meeting of Finance Ministers of the North Atlantic Treaty Financial and Economic Committee—date and place".

412.

DEA/50030-C-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2389

London, December 9, 1949

SECRET

Reference my telegrams No. 2360 of December 6th† and No. 2384 of December 8th, Permanent Working Staff of the North Atlantic Defence Financial and Economic Committee.

1. The discussion at yesterday's meeting was concentrated primarily on the time, place, and agenda for the first meeting of the Full Committee. The United States representative emphasized the importance which his Government attached to an early meeting of the Committee and pressed the members of the Working Staff to recommend that such a meeting be held in Paris on December 19th. He thought it essential that the Financial and Economic Permanent Working Staff should be formally established by the Committee as soon as possible in order that it might be in a position to advise the Permanent Working Staff of the North Atlantic Military Production and Supply Board on any current problems and in order that it might be able to commence work immediately on the projects implied in the directive from the North Atlantic Council. He made it fairly clear that in stressing the urgency of the early establishment of the Financial and Economic Permanent Working Staff he was not unmindful of the desirability of providing evidence to Congress that in this field, as well as in the military and supply fields, the North Atlantic agencies are getting down to work.

2. The United States representative not only felt that the Committee should meet at an early date but considered also that it should be asked to give precise directions to the Permanent Working staff along the lines indicated in paragraph 3 of my telegram No. 2384.

3. Concerning the time and place for a meeting of the Full Committee the Western Union representatives agreed that December 19th in Paris would probably be convenient for their Ministers since they would be there on that date in any case for a meeting of the Western Union Finance Ministers. Similarly, the Ministers of some of the other North Atlantic countries would be in Paris around that time for a meeting of the Consultative Council of the OEEC. Only the Danish, Italian and Canadian representatives indicated that their Ministers would probably find difficulty in attending such a meeting, and that if their countries were to be represented it would probably have to be by the Ambassadors in Paris.

4. Even those European representatives on the Permanent Working Staff who saw no serious obstacle to the holding of a meeting of some sort in the place and at the time suggested, did not think that there was sufficient time between now and then for Ministers to prepare themselves for a substantive discussion on the lines pro-

posed by the United States (particularly since the projects suggested by the United States implied acceptance of certain new principles not already explicitly included in the directive from the Council to the Committee), and, furthermore, they doubted that their Ministers would have sufficient time while in Paris to discuss such matters thoroughly in view of the fact that they would also be involved in Western Union and OEEC meetings.

5. Ritchie suggested that a choice would probably have to be made between (I) the desirability of having a meeting of the Full Committee as early as December 19th in order formally to constitute the Working Staff, and (II) the desirability of securing detailed instructions from the Committee to the Working Staff. In the light of the discussion it did not seem possible to achieve both objectives. If a meeting had to be held by December 19th, such a meeting, in his judgment, could not reasonably be asked to approve detailed instructions of the sort suggested by the United States, or to determine whether the projects envisaged in the United States draft were in fact within the terms of reference laid down by the Council, or even to determine the order in which the functions already described by the Council in paragraph 3 of the directive of November 17th (your telegram No. 1976 of November 8th)† should be undertaken by the Permanent Working Staff. He felt that if the Committee were to meet by the date suggested the meeting would have to be a purely formal one intended merely to establish the Permanent Working Staff and its Secretariat, and to transmit to the Permanent Working Staff the directive already approved the Council. He thought that this course should be acceptable even to those who might have preferred the Committee to provide detailed guidance to the Permanent Working Staff since, once the Permanent Working Staff is formally established, it will be open to any representative to submit a paper to the Permanent Working Staff suggesting projects which might be undertaken in the carrying out of the functions prescribed "for the Committee and any subordinate bodies" in the original directive. The Permanent Working Staff could then consider more carefully than was possible in the short time available between now and December 19th whether it would be appropriate to undertake (or to recommend the undertaking of) such projects. This procedure might also make it possible for the Financial and Economic Working Staff to secure the advice of the supply side of the organization on the order in which various projects might best be undertaken with a view to facilitating, or not impeding, essential supply activities.

6. After a fairly extended discussion (which was largely confined to the procedural question and which did not go to any length into the substance or constitutionality of the projects suggested by the United States) it was agreed to recommend to Governments that:

(a) A meeting of the full Defence Financial and Economic Committee should be held in Paris on December 19th, probably at 3:00 p.m.

(b) That the agenda for the meeting should be:

(I) Approval of the organization and terms of reference of the Permanent Working Staff (the paper prepared by the Permanent Working Staff for consideration under this heading is reported in my telegram No. 2390)†

(II) Approval of the organization and terms of reference of the Secretariat, (the paper prepared under this heading is being transmitted in my telegram No. 2391)†

(c) So far as practicable countries should be represented by Ministers of Finance as envisaged when the Committee was set up, but on this particular occasion it would be appropriate for countries to be represented by their Ambassadors in Paris if necessary.

7. Although the proposed meeting is intended to be primarily a formality, it was stressed during yesterday's meeting that its psychological importance should be fully recognized since it will be formally initiating financial and economic activities on which the success of the North Atlantic Treaty Organization may very largely depend.

8. I should be grateful for an early indication of your reaction to these recommendations.

9. The Permanent Working Staff is having a further meeting this afternoon to discuss in a preliminary manner the substance of the United States proposals. This discussion is intended to get the informal comments of the various representatives on the Permanent Working Staff even though those proposals are not to be considered by the full meeting of the Committee on December 19th. In that connection, your telegram No. 2143 of December 7th will be helpful. In connection with paragraph one of your telegram it might merely be noted at this stage that the proposed estimate of fiscal resources for defence for 1950-51 is apparently not intended by the United States to be limited to the European members. At lunch yesterday, in advance of the receipt of your telegram, Ritchie in fact had asked the United States group whether this particular project was intended to apply not only to the European members but also to Canada and the United States. They replied that according to their understanding the project was intended to be applicable to all signatories of the North Atlantic Treaty including the United States and Canada. It would seem that the United States might have the same difficulties in participating in this project as you have mentioned in the case of Canada, and accordingly it is hard to believe that they can really have intended that the proposed project, if it were to be approved, should apply to them.

10. Copies of this telegram and my two following telegrams and of your telegram No. 1976 are being sent by airmail to the Embassy in Paris for their information.

413.

DEA/50030-L-40

*Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs*

TOP SECRET

London, December 12, 1949

Dear Mr. Heeney,

I was very much interested in your letter of November 30th[†] enclosing a copy of Mr. Pierce's memorandum regarding possible Canadian contributions under Article 3 of the North Atlantic Treaty.³⁸

I have discussed this memorandum with General Clark, [A.E.] Ritchie and [J.H.] Warren, since I thought you might like to have their reactions in the light of their experience with the Western Union and North Atlantic bodies here.

They agree with me that the memorandum gives an excellent description of the situation as it appears from here. In particular, all of the evidence available to us would tend to confirm Mr. Pierce's observation that "there is nothing to be gained by waiting until we are asked and much to be gained by announcing our position on our own initiative". Apart from other political and commercial disadvantages (some of which are touched on in the enclosed memorandum), a "wait-and-see" policy would probably result in our being pressed eventually to contribute in a form less satisfactory to us. If we delay, we shall almost certainly find ourselves later being called upon to make our contribution entirely in the form of those goods which the United States and the European countries themselves are unable or unwilling to make available to one another. By thus narrowing the range of our contribution (but probably not reducing its size), such a delaying policy could quite well have a much more disturbing effect on our economy and on the pattern of our munitions production than would have been the case if we had made our contribution earlier and had made it in the lines which were most convenient for us. It would clearly seem desirable, from the Canadian point of view, for us to begin contributing as soon as possible. Even now we may find that our contribution will have to take a less economic form (both from our own point of view and from the point of view of the best use of resources in the North Atlantic area as a whole) than would have been the case if it could have been started earlier before the Western Union additional production programmes were put in motion and before the initial programmes for the supply of United States end products were prepared.

If the desirability of an early announcement concerning a Canadian contribution were to be accepted, the question remaining open would seem to be whether that contribution (and the announcement of it) should initially be in terms of a definite amount or whether each case should be dealt with on an ad hoc basis as and when deficiencies are determined by the North Atlantic Treaty Organization. There would seem to be a suggestion in Mr. Pierce's memorandum that the latter course

³⁸ Document 403.

might be recommended. From our discussion of the question here, we see several serious disadvantages in this course and we should be inclined to prefer the earmarking, and early announcement, of a definite sum for the Canadian contribution in 1950 (with conditions attached regarding compensation for any U.S.-dollar content and with final discretion regarding the use or composition of that contribution retained by the Canadian authorities). Some of our reasons for this preference are set out in the attached memorandum.

I apologize for the length of this memorandum and I recognize that some of the views expressed in it probably take inadequate account of the situation in Ottawa. Briefly, what we are saying in the memorandum is that, in our opinion, a decision to contribute a definite amount, and to make an announcement to that effect immediately, is probably what is required for most effective Canadian participation in the North Atlantic Treaty. In our view such a procedure will probably secure the maximum political and commercial advantage for Canada and probably will, in the end, cost Canada less than any alternative course. I would only add that, in view of our interest in the strengthening of the whole North Atlantic area, we should presumably be not unmindful of the effect of any action by us on the willingness of the United States to contribute further to the strengthening of the defences of the European countries. From that point of view also an offer by Canada to contribute a respectable sum would seem to be the most effective course.

Yours sincerely,

L.D. WILGRESS

[PIÈCE JOINTE/ENCLOSURE]

*Note du haut-commissaire au Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from High Commissioner in United Kingdom
to Under-Secretary of State for External Affairs*

TOP SECRET

London, December 12, 1949

CANADIAN CONTRIBUTION UNDER ARTICLE 3 OF THE NORTH ATLANTIC TREATY

1. We can see that an ad hoc arrangement might appear to have certain attractions for Canada, but we wonder how real such attractions would turn out to be.

2. We suppose one of the principal apparent attractions of such an ad hoc arrangement is that it would more readily permit our contribution to be curtailed or expanded in accordance with our changing internal financial position. Yet, even on that score, we wonder whether that would in fact be the result since, in the absence of fairly precise (and publicly announced) limits to our contribution, the various pressures might well result in a greater expenditure of local resources than we could afford or than would have been the case if a definite limit had been set.

3. Another possible reason for preferring to contribute on an ad hoc basis, rather than to announce now a definite figure for our contribution, might be the difficulty of judging, at this time, what size our contribution should be in the absence of

agreed statements of deficiencies based on common military plans. Three comments on this argument occur to us:

In the first place, it would seem that the over-all size of our contribution should be determined not only by estimates of deficiencies in the North Atlantic area but primarily by an estimate of what we might reasonably be able to afford.

In the second place, it might be observed that other countries (including all five Western Union countries and the United States) have already determined the amounts which they will contribute in 1950, even though no firm deficiency lists are yet available (other than the very tentative estimates of Western Union deficiencies).

In the third place, it is already known that certain items will be scarce, whatever military or production plans may be recommended eventually by the N.A.T.O. Our impression is that if some indication could be given of the lines in which Canada would wish to contribute, the N.A.T.O. is in a position to indicate with reasonable certainty which of these items are likely to be deficient throughout the area this year. Our guess is that enough Canadian items could be selected on this basis to absorb the bulk of any Canadian contribution in 1950. The remainder, if any, of the Canadian contribution could be reserved for meeting specific deficiencies as and when they are determined later by the N.A.T.O. in the light of progress in developing agreed military plans. Admittedly this procedure might result in the bulk of our contribution for 1950 being devoted to meeting apparent deficiencies which later military planning might show to have been of lower priority than some others which we might have met if we had waited. However, we should at least have contributed something towards the immediate strengthening of those countries in the North Atlantic area which are most readily accessible to the Russians. In later years, after the detailed defence plans have been formulated, the size of any subsequent Canadian contributions could take account of more precise scales of priority.

4. A third reason which it occurs to us might be regarded as favouring an ad hoc arrangement rather than the contribution of a definite amount is that the appropriation of a lump sum at this stage by Parliament might be politically difficult. However, would resort to ad hoc arrangements really avoid the necessity of securing a definite amount from Parliament for the year? It would seem to us that even for the purpose of implementing ad hoc arrangements it would be necessary to ensure in advance that adequate means of financing would be available.

5. Not only are we doubtful of the possible merits of the ad hoc policy, but we see at least the following disadvantages in that policy compared with the policy of fixing, and announcing, a definite sum for the Canadian contribution:

(a) An ad hoc policy would not provide as satisfactory a basis for supporting the retention of any European nominations of Canada as a source for United States off-shore purchases of raw materials (e.g., non-ferrous metals, ferro-alloys and synthetic rubber) required in the additional production programme.

(b) It would not provide as satisfactory a basis for bargaining with the United States in an attempt to ensure that, directly or indirectly, we would be compensated for any U.S.-dollar element in our contribution.

(c) The announcement of such an ad hoc policy would not have the same effect on the morale of the European countries as would an announcement of a lump sum contribution (even though the lump sum might be less than the eventual aggregate of such ad hoc contributions).

(d) Similarly, the announcement of an intention to contribute on an ad hoc basis would not have the same effect on the status of Canada in the various political, military and supply agencies of the N.A.T.O. (since, even though in the end the total of ad hoc contributions might turn out to be larger than our contribution under a lump sum arrangement, we would get credit in respect of such ad hoc contributions only gradually or by instalments, whereas under the lump sum arrangement we would probably receive the benefit of the full contribution from the time of its announcement).

(e) Ad hoc contributions would not seem to provide as satisfactory a basis for resisting pressure (which is already appearing in the Financial and Economic discussions) to accept some formula or criterion for the "equitable distribution of the defence burden". If we announce our intention to contribute a fairly respectable sum, there will be less likelihood of our being pressed to make our defence expenditure (both on home defence and on mutual aid) subject to some sort of automatic formula.

6. The alternative to an ad hoc arrangement might be worked out in the following stages:

(1) We might inform the United States that Canada has determined that, in terms of its budget limitations and economic prospects, the maximum which can reasonably be contributed in the coming fiscal year is X-million Canadian dollars.

(2) We might demonstrate to the United States that (even though our own normal defence expenditures may be low on some bases of comparison) this is a respectable amount of mutual aid and compares not unfavourably with the *net* contribution of the United States or other participants (on a per capita basis, or on the basis of budget or national income). In that connection it might be pointed out that in return for its contribution of 1.4 billion dollars the United States will be extracting substantial counter concessions which will probably reduce its net contribution substantially; against the United Kingdom contribution of 25 million dollars to assist other European countries, the United Kingdom will be receiving United States aid (although the latter may be largely offset by United Kingdom concessions to the United States); France will be a net recipient; Belgium and the Netherlands will be operating primarily on a barter basis; Italy will be largely compensated for any contribution either by receipts from other European countries or from the United States; Norway, Denmark and Iceland will be making negligible contributions to other European countries; Portugal's contribution is unknown.

(3) We might point out to the United States Administration that the Canadian contribution of such an amount will be useful to them in any future approach which they may be making to Congress, or even in any defence before Congress of their present Military Assistance Program.

(4) We might then indicate that expenditure on this scale must be dependent on direct or indirect compensation for any U.S.-dollar element. We might enquire

whether under the present legislation (or under any future legislation which may be planned) they will be in a position to compensate us directly for such U.S.-dollar costs (either with or without a bilateral agreement) and, if they are not able to compensate us directly, whether they can guarantee that:

(a) Canada will be recognized (not only in discussions in the North Atlantic or Western Union bodies, but also in discussions which will be taking place with United States representatives in each of the European recipient countries within the next few weeks when the project forms are being filled out) as an off-shore source for the purchase of raw materials if prices and conditions of sale generally are competitive, thus enabling Canada to earn United States dollars under the Military Assistance Program;

(b) Arrangements for reciprocal procurement of military supplies will be worked out between the United States and Canada in order to relieve Canada of the U.S.-dollar costs now involved in such Canadian procurement in the United States.

If the indirect compensation by those two means appears likely to be inadequate, we might press them, if it is feasible, to include in any subsequent Military Assistance legislation a provision which would allow procurement in Canada in later years of finished munitions required by other N.A.T. countries in excess of the definite Canadian contribution if Congress is satisfied that Canada's own contribution is adequate in relation to its resources. In that case, somewhat as in the case of our lump sum contributions to UNRRA and UNICEF, there would be the possibility of earning some U.S. dollars after our own contribution was exhausted.

(5) We might explain to the United States that, subject to some assurance of these conditions being met, we intend to seek the concurrence of the N.A.T.O. immediately that such projects as the following (to be financed out of a Canadian contribution if Parliament makes funds available) are of a sufficiently high priority to warrant proceeding with them at once:

(i) An air and army training scheme in Canada and the early despatch of a Canadian fighter squadron to the United Kingdom for advance training with the Western European Air Forces;

(ii) The transfer to the European countries of equipment on hand which is determined to be surplus to the requirements of the Canadian forces;

(iii) The production of picrite at the Welland plant on a scale sufficient for maintenance purposes and to permit of necessary stockpiling (this project being subject to the specific proviso that (the United States purchases half of the volume of production required to maintain the plant in operating condition; leaving the other half available largely for transfer to European countries in accordance with recommendations of the North Atlantic Military Production and Supply Board);

(iv) The provision of military radar equipment by Canadian Arsenals;

(v) The preparation of "shadow" facilities in various Canadian aircraft plants (including Canadair) for the eventual (or current?) production of aircraft (bearing in mind the need for standardization on U.S. types);

(vi) Anti-Submarine Escort vessels and minesweepers;

(vii) Other projects appropriate to the Canadian economy which may be suggested by the N.A.T.O., within the limits of the proposed Canadian financial contribution.

(This list is a hypothetical one. It should be possible to construct a more realistic list within a fortnight or so, possibly in consultation with U.S. officials who are informed on the materiel which the U.S. proposes to deliver to Europe).

(6) Immediately following such advance discussions with the United States, we might give the Permanent Working Staffs of the North Atlantic Military Production and Supply Board and of the North Atlantic Defence Financial and Economic Committee some indication of the scale of our proposed contribution, in order to protect any nominations of Canadian sources for off-shore purchases in the project statements requesting United States assistance which will shortly be under consideration in the North Atlantic and Western Union bodies.

(7) At the proposed February meeting of the North Atlantic Military Production and Supply Board, the Canadian representative might submit for the Board's comments the proposal which the Canadian Government is considering, along the lines of (1) and (5) above, indicating that the proposal is subject to:

(a) Concurrence in the projects by the North Atlantic Military Production and Supply Board;

(b) assurance by the United States that any U.S.-dollar costs will be compensated directly or indirectly;

(c) approval by the Canadian Parliament.

7. In all of the above discussion we have not touched on the question of whether any such contribution by Canada should be made available to the European countries free of charge or whether some counter concessions should be requested. Our own judgment is that if counter benefits were to be sought, our contribution would have to be substantially larger than if no strings were attached in order to get the same political results. It may nevertheless be desirable, for other than political reasons, to exact some counter concessions. A possible arrangement might be to offer to make a certain contribution gratis and to provide that this contribution might be increased during the year by an amount corresponding to the value of any supplies which the European countries themselves could produce economically for Canadian forces and which would otherwise have had to be procured by the Canadian Government elsewhere with funds appropriated for the Canadian Services. Such an arrangement would require some working out in detail, with particular reference to the position of, for instance, those supplies which the Canadian Services are already procuring in the United Kingdom with dollars.

414.

DEA/50030-C-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM EX-2174

Ottawa, December 12, 1949

SECRET

Your telegram Nos. 2389, 2390†, 2391† of December 9, North Atlantic Defence Financial and Economic Committee.

1. The date of December 19 for the meeting of the Committee in Paris is acceptable to us. The Minister of Finance, however, will be unable to attend and will probably ask the Canadian Ambassador in Paris to represent him. It would, however, be most desirable to have Ritchie go over for the meeting to assist the Ambassador. Generally speaking, the proposed organization and terms of reference of the permanent working staff and of the secretariat set forth in your Nos. 2390 and 2391 would appear to be satisfactory.

2. We feel very strongly, however, that there is not adequate time to prepare for a discussion on matters of substance proposed by the United States, particularly since these proposals appear to go beyond the directive from the Council to the Economic and Financial Committee. Under these circumstances, you should take a firm line to the effect that the Committee meeting in Paris should be restricted to the formal establishment of the permanent working staff and secretariat in accordance with the directive already approved by the Council. It may be impossible to avoid matters of substance being raised by other Governments, but it is suggested that Ritchie should endeavour to meet such developments by taking advantage of any opportunities to discuss the Paris meeting with his colleagues on the working staff in advance giving them our views on this point.

3. Instructions will be sent to General Vanier, but in the meantime, please send direct to Paris back copies of your telegrams to us reporting on the developments in London.

415.

DEA/50030-C-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France*

*Secretary of State for External Affairs
to Ambassador in France*

TELEGRAM EX-598

Ottawa, December 15, 1949

SECRET

Our Telegram No. 597 of December 13,† North Atlantic Defence Financial and Economic Committee meeting on December 19.

1. Although the meeting is expected to be formal, I think you should stress its importance as a milestone on the road to the full implementation of the North Atlantic Treaty which must necessarily hinge in large measure on the work which the Defence Financial and Economic Committee and its working staff is going to do.

2. It would, however, be unfortunate in our view if specific projects of work were discussed at the forthcoming meeting of the Committee. There has not been adequate time to prepare for discussion on matters of substance, such as those which the United States representatives in London have proposed should be given second priority (London telegram No. 2384). Any discussion of the U.S. proposal that the permanent working staff should study "an estimate of the fiscal resources for defence purposes" of NAT countries for the next fiscal year would raise questions which might prove politically objectionable not only to us but to the United States if the study were not confined to European members, and the proposal of a "study of exchange problems resulting from the transfer of goods and services in implementation of the agreed strategic concept" would require an exposition of our peculiar exchange problem as a cash customer of the United States and not a recipient of military aid.

3. We therefore believe that the function of the Committee meeting should be:

(a) to establish formally the permanent working staff and secretariat;

(b) to approve their draft terms of reference (London telegrams Nos. 2390-2391);†

(c) to transmit to the permanent working staff the directive approved by the Council; and,

(d) to authorize the permanent working staff to discuss specific projects of work submitted by any member and proceed with those studies on which agreement is reached, correlating studies with those of the Military Production and Supply Board.

416.

DEA/50030-C-40

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures*

*Ambassador in France
to Secretary of State for External Affairs*

TELEGRAM 815

Paris, December 20, 1949

CONFIDENTIAL

North Atlantic Defense Financial and Economic Committee (DFEC).

1. The inaugural meeting was held at 6:00 p.m. yesterday and lasted slightly over one hour. It had been postponed from three to four and then to six o'clock in order to ensure that Sir Stafford Cripps would be there since apparently it was felt that his absence might be misinterpreted in view of the reported differences between

United States and United Kingdom over the Bilateral Military Assistance Agreement. Sir Stafford arrived directly from airport shortly after meeting had begun.

2. The United States was represented by Mr. Harriman who was also Chairman. Seven of countries were represented by Finance Ministers or Ministers of Economic Affairs (most of whom were in Paris for meeting of OEEC on following day). The others were represented by the Heads of their Diplomatic Missions in Paris. In accordance with your telegram No. 597† I attended for Canada with Mr. E. Ritchie as adviser.

3. As anticipated the meeting was purely formal and the conclusions were in line with those suggested in paragraph 3 of your telegram No. 598. The following notes summarize the agenda and the action taken thereon:

(a) Note was taken of the directive from the Council of the Committee.

(b) Approval was given formally to the establishment of a Permanent Working Staff (P.W.S.) in accordance with paragraph 5 of the Council's directive.

(c) Approval was given to the terms of reference for the P.W.S. in the form in which they were submitted. These terms were identical with those reported to you in London's telegram No. 2390† except that paragraph 8 had been redrafted to read: "the P.W.S. shall carry on the day to day work of the DFEC, *and shall perform such functions as the DFEC may deem appropriate to delegate.* It shall also be prepared etc.". The insertion of the reference to the need for explicit delegation of function by the DFEC, which was apparently inserted by the Secretariat, would seem to be proper and to represent an improvement in drafting.

(d) Approval was given to the Secretariat's terms of reference in the form reported in London's telegram No. 2391.† Mr. Harriman indicated his desire to have informal nominations for the post of Secretary.

(e) Approval was given to the following directive to the P.W.S.: "The DFEC hereby directs the P.W.S. to examine its terms of reference and the terms of reference of this Committee and, on the basis of this review, determine those work projects which it considers to be most urgent and promptly initiate work thereon.

In determining the relative urgency of projects the P.W.S. is requested to give appropriate recognition to the need for guidance for the current work of other North Atlantic Treaty bodies.

(f) It was decided not to fix a definite date or place for the next meeting but, instead, to instruct the P.W.S. to recommend a date in the light of progress made in preparing the way for such a meeting and in the light of Mr. Harriman's expressed desire to have a meeting as early as mid-February in order to meet the United States Legislative time-table. It was noted that a meeting should probably not be held until at least a fortnight after the agenda and papers for discussion have been circulated to Governments by the P.W.S.

(g) Approval was given to a brief press release merely reporting that the meeting had taken place (naming the representatives attending), and that the P.W.S. had been established.

4. There was little discussion on any item, all of which were non-controversial. None of the remarks made was particularly significant, with the possible exceptions

of M. Petsche's emphasizing his opening remarks on the need to protect economic recovery (with which Mr. Harriman indicated his agreement) and of Mr. Harriman's concluding remarks off the record regarding the possibility that some "redirection of resources" (presumably within the various military programmes and not necessarily between military and civilian programmes) might be found desirable as a result of the review of existing programmes which he hoped the military supply and financial sides of the organization would undertake jointly in the near future.

5. The P.W.S. is to have preliminary discussion here this afternoon on the various projects proposed by the United States which were reported in London's telegram No. 2384.

6. The minutes and various documents relating to yesterday's meeting will be sent to you by Ritchie as soon as they become available in London.

417.

DEA/50266-40

*Note de la direction de la liaison de la Défense
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison (I) Division
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, December 21, 1949

I am rather doubtful as to the desirability of coming to any firm decision on policy at the present time, if it can be avoided, as to the appropriate defence programme for Canada over the next five years. The following points occur to me:

1. The international situation is still very fluid.
2. The Atlantic Pact Organization is only beginning to estimate deficiencies in production and supply and planning has not yet begun in earnest. We have not yet much information as to our actual role, whether in the military field or in production and supply.
3. Revised estimates of atomic weapons which the USSR may have four or five years hence may well mean that we shall have to concentrate more on the direct defence of North America than we had anticipated. If so, this might substantially alter the distribution of our defence expenditures.
4. I am not very sure how seriously the U.K. and the U.S. are taking the North Atlantic Treaty as a basis for defence policy. There are indications that the emergency plan developed some months ago is by no means dead. Our role in the event of war might be affected accordingly. In this connection, I might draw your atten-

tion to two extremely suggestive reports dated December 16, 1949, from Major General Clark, which are attached.³⁹

R.A. MACKAY

418.

L.S.L./Vol. 234

Extraits du rapport du ministre de la Défense nationale

Extracts from Report of Minister of National Defence

TOP SECRET

[Ottawa, December 1949]

DEFENCE MEETINGS NOVEMBER 26 TO DECEMBER 14, 1949

1. Notes follow on our visit to Europe, the United Kingdom and Ireland.

...

3. On this visit, I was accompanied by Lieutenant-General Charles Foulkes, Chief of the General Staff and Chairman of the Chiefs of Staff Committee, our representative on the Military Committee; Air Vice Marshal Hugh Campbell, our accredited representative to the Standing Group and Chairman of the Joint Service Mission in Washington; Major-General S.F. Clark, our representative in our capacity as observer to Western Union and Chairman of our Joint Staff Mission in London; Commodore Bidwell, Vice Chief of Naval Operations at Ottawa and Brigadier Desmond Smith, Secretary of the Chiefs of Staff Committee.

...

Purposes

4. The purposes of the visit were:

(a) to attend the meetings of the Military and Defence Committees under the North Atlantic Treaty;

(b) to familiarize ourselves with defence problems, possibilities and programmes in the Western Union countries;

(c) to get to know the defence ministers and ranking officers with whom we would have to continue to work in connection with the North Atlantic Treaty;

(d) to secure information about experience and practices of other countries with which to examine our own defence plans and improve the efficiency of our own defence forces; and

(e) to examine the work and inspect the establishments of our Military Attaches and the Joint Staff Mission in London.

5. The resulting conclusions are stated in the report below. They may be summarized under two heads:

³⁹ Les rapports du major-général S.F. Clark sont intitulés «United Kingdom View on Command Organization—Peace and War» et «Division of Responsibility for Regional Planning between Atlantic Treaty Regions» (DEA/50266-40).

The reports by Major-General, S.F. Clark are entitled "United Kingdom View on Command Organization—Peace and War" and "Division of Responsibility for Regional Planning between Atlantic Treaty Regions" (DEA/50266-40).

- (1) Defence Abroad
- (2) Implications regarding Canada's defence.

6. *Conclusions re Defence Abroad*

(a) Within the space of four months, the organs necessary to implement the North Atlantic Treaty have been brought into existence and established on a satisfactory basis. This fact, taken with the attitude of the United States, has already strengthened the faith of the Western European nations in the possibility of preventing aggression by action together.

(b) This, combined with Western Union, has led them to examine their own defence problems much more realistically. Meetings and interviews such as I have had led to all of us securing bases for comparison which should lead to increased co-operation and efficiency.

(c) It should also lead to the adoption of standard equipment, so that the nations concerned can fight together as a team. Steps should be taken now to dissuade nations from developing and producing equipment which is not likely to be adopted as standard.

(d) All countries are spending too great a proportion of the money appropriated on personnel and too little on equipment. Unless either this trend is reversed or more money is provided for defence, the position is likely to deteriorate rather than improve.

(e) None of the countries concerned has nearly adequate facilities for training officers, N.C.O.s and tradesmen.

(f) All countries would be interested in a plan whereby restricted numbers of officers could receive training as aircrew or technical specialists in Canada.

(g) We were right in taking the initiative in raising this possibility at this time. Meetings of the Supply Board in the next few days will likely produce lists of requirements resulting in specific enquiries as to what we are prepared to do. It would help to meet or offset this if we took the lead by offering to provide raw materials which are in short supply without payment and if we offered to furnish finished military supplies with payment.

7. *Implications regarding Canada's defence*

Canada has made greater progress than any of the countries concerned with regard to:—

- (i) organization, leading towards co-ordination and unification;
- (ii) officer training both in quantity and quality;
- (iii) defence procurement machinery;
- (iv) integration of defence research with the forces, industry and the universities;
- (v) emphasis on the importance of the Air Force;
- (vi) Reserve organization, equipment, training and recruitment;
- (vii) conditions of service as regards pay, allowances, pensions, food, clothing and single and married quarters.

8. While we can see nothing to change fundamentally in our plans or programme, there can be little doubt but that because of our defence associations with the U.K. and U.S. and the wide extent of the country, our overhead in general staffs, command and area headquarters is necessarily high and prevents our being as operational as we would like. Although the proportion spent on personnel in Canada is very much lower than in any of the other countries, it is in our view still high and as in the case of the European countries, we should increase this proportion by either curtailing expenditures on manpower or preferably increasing overall expenditures.

9. While greatly increased since before the war, Canada's defence appropriations in proportion to national income or national budget are about one-third of the U.S. or U.K. and considerably less than practically all of the countries under the Treaty. Our obligations under the Treaty include those "to maintain and develop individual and collective capacity to resist armed attack" (Article 3).

...
Military Committee—Paris, November 29, 1949

13. The Military Committee of Chiefs of Staff met under the chairmanship of General Bradley and had a good discussion of a long agenda resulting in unanimous approval of the strategic plan with minor amendments made at the meeting.

14. General Bradley has impressed the other Chiefs with his capacity as well as the sincerity of his conviction that the North Atlantic Treaty must be backed up by the United States as the first line of its defence against Communism. A year ago the Western European countries somewhat naturally felt that a plan of defence was not good enough if it merely envisaged their ultimate liberation after they had been overrun by the Russians and bombed by the Americans. Today that feeling still exists, but it is far less strong than it was and whatever their present estimate about the possibility of their defence being successful, they all agree that the North Atlantic Treaty is the best means to make any defence at all.

15. Accordingly, they are making plans with greater confidence and while in no country will they be able to get the appropriations they feel essential for defence, in all countries I believe that the appropriations will be larger and the effort greater because the Treaty has at least created the possibility that by strengthening their defence they may maintain peace or achieve victory.

Defence Committee—Paris, December 1, 1949

16. The Defence Committee of Defence Ministers met under the chairmanship of Honourable Louis Johnson following a luncheon given by Monsieur Pleven, Minister of Defence of France. The agenda of the Committee largely consisted of considering and approving the reports on the completion of the organization of the regional groups and strategic planning, resulting from the meeting of the Military Committee two days before.

17. Mr. Johnson's rather unorthodox method of presiding at a meeting created some resentment, but not nearly as much as might have been anticipated. Indeed, several of those present were glad that he was applying himself with such drive to the task of getting the organization going.

18. The primary reason for this speed was to meet the requirement of the Military Assistance Programme legislation that Mr. Johnson must certify to the President the existence of an approved strategical plan as a condition precedent to the release of the first one hundred million dollars of assistance provided for in this year's appropriations.

19. The Western Union countries have clearly shown their desire to maintain its organs in existence. In their quality as members of NATO, they joined in approving an arrangement whereby the various organs of Western Union would to all intents and purposes act as the Western European Regional Group. Express provision was made that instructions by the Standing Group contrary to the provisions of the Brussels Treaty would not be acted upon by Western Union authorities without reference to their governments. This proposal was only brought before the Defence Committee at this meeting. While I did not object to it, I felt it necessary to point to some of its implications. It was a matter of some surprise to me and others that the United States should have agreed to this condition.

20. At the close of the meeting a communique was agreed to. The meeting had also agreed to provisions regarding security and reference was made to the fact that so far there have been no leaks.

21. Outside the meeting, Mr. Johnson raised with me the place of the next meeting which might take place in March, 1950. He suggested Rome as holding it there he said would strengthen the Italians. He asked if I had any objection to this and I said no. Subsequently I found that he had discussed [it] with Mr. Plevin who agreed to Rome and Mr. Alexander, who after consultation with his Government thought that it was still too early to hold it in Rome but that it should be held in The Hague. Mr. Alexander felt that it would be desirable at present to hold about three meetings in Europe to one in North America. London was available at any time but he did not think that any particular advantage would be gained in holding a meeting in London. The original idea had been that the Council and Defence Committee should meet about once or twice a year. Apparently, it was working out that we might hold more meetings than that, at least at the start. He saw no objection to this and there was a good deal to be said for it. He was a bit critical of Mr. Johnson's method of handling the meeting. I felt that everyone might be better pleased if without prolonging them, there was less impression of an almost indecent haste which resulted in the curtailment of some discussion which might be useful to clear the air. Later I found that the representatives of Belgium, Luxembourg and the Netherlands had not been consulted about the place of the meeting. Of course I did not indicate that I had. It seems to me that the Canadian representatives should be in a position to offer to have the meeting held in Canada at some date. The Americans obviously want to have it rotate so as to avoid the impression of complete centralization in Washington.

22. Mr. Johnson was in Paris for about thirty hours. Privately, he expressed to me a good deal of satisfaction with the way things were going. He indicated to me and General Bradley indicated to General Foulkes that while the United States would not make any specific commitments to furnish divisions in Europe, it was their intention to get as many troops into action in Europe as soon as they could and

wherever they would be most effective. Undoubtedly, there is a division between the United States and United Kingdom authorities on the importance of the Mediterranean and the Middle East. French and U.K. authorities have attached the greatest importance to this, the United States much less so.

Further NATO Problems

23. Questions still undecided concern the roles of the various organs and their relationship to each other.

24. First in importance of these is whether or not regional groups will have committees of ministers. There is such a committee in Western Union and the five signatories of the Brussels Treaty have no intention of giving that up. Consequently what is in effect the Western European group of NATO will have a committee of ministers but so far the U.S. has shown its opposition to extending this to the other groups. The U.S. does not want to have policy decisions made in the regional groups which it regards as purely military planning agencies definitely subordinate to the Standing Group. It wants to have immediate authority exercised through the Standing Group, final power resting with the U.S. government as the sole important source of outside assistance.

25. To me it seems illogical that we should have one type of organization and centre of authority for Western Europe and other types for the other regional groups. It is still too early to say how either type of organization will affect Canada. Before leaving for Paris, my view was that it would be preferable to have committees of ministers for all regional groups and that view still holds.

26. A second difficulty concerns the role of the Munitions and Supply Board. This is now examining schedules of requirements which will result in enormous lists of deficiencies. Having arrived at these they will then look around for means of meeting part of the list and it is at this stage that Canada undoubtedly will be asked what she intends to contribute. My own view before leaving for Paris was that we should take the initiative in one or two respects. Experience in raising the question of training in Canada confirms this view. I think we should follow this up by my speaking to Mr. Johnson and General Foulkes speaking to General Bradley and if they have no objection we should send letters to all the countries offering to discuss inter-changes of training facilities and indicating in general terms what we have in mind which would be along the lines of the Cabinet Defence Committee conclusion. In the case of countries giving favourable replies, we could work out arrangements within the authorized limits. I feel reasonably certain that the countries concerned will for some time to come find it difficult to avail themselves of the offer even to the limited extent authorized.

27. Another offer which I believe should be made immediately would be in connection with the supply of metals, minerals or chemicals such as for example picrite. This is a question for Mr. Howe but I believe he shares this view and his representative in London feels strongly that taking the initiative would create a favourable impression and reduce pressure which would otherwise develop in other directions.

28. Whether or not in addition we could supply any finished military equipment would be a matter for Government consideration in the light of the overall economic and financial position.

29. The only remaining kind of assistance would be personnel and there I think we should soon indicate to the U.K. our desire to make arrangements to send a limited number of officers and men, say a squadron at a time, for a limited period of four to eight months for operational training in the U.K. Following the Defence Committee authorization, I raised this with Mr. Alexander and have A/V/M Campbell discuss it with Lord Tedder [Royal Air Force]. They were definitely interested though I believe it would be found difficult to work out satisfactory arrangements. There would be little likelihood of our being in a position to take advantage of this for some time to come.

...

The United Kingdom, December 7 to 11, 1949

...

59. On the four occasions that I saw Mr. Alexander, he discussed defence developments with extreme frankness, on several occasions evidently giving me information about their problems and plans which had not yet been communicated to the whole cabinet. They are appallingly concerned over the same problem of how to meet commitments involving large numbers of men and at the same time stretch the defence pound to maintain equipment as well as to push forward development. As in the case of the other countries (and Canada) we have been living in part on the fat of equipment left over from the war. As in the case of the other European countries, despite low pay and poor living conditions, conscription represented an enormous drain on money and regular personnel without commensurate results. He told me that it had been arranged between the Prime Minister, the Chancellor and himself that they would have a moderate increase in the total appropriation for defence but that higher costs would not enable them to carry on their present activities and spend anything like what they needed on the development or production of new equipment. Consequently, they would have to curtail or cut out whole operations including the Bermuda base.

60. Stringent provisions in the draft bi-lateral agreements with the United States for MAP assistance, including one prohibiting transfer of MAP assisted equipment without U.S. consent were giving U.K. authorities the most serious concern to the point where unless they could secure modifications, they were considering rejecting MAP assistance. I thought that this would not likely result. The only assistance planned at present is a gift of 70 B-29 planes. Moreover, the U.S. wanted to move one of the three existing U.S. air bases in the U.K. and construct another, both behind the radar screen, at a total cost of twenty-four million dollars, to which the United States would contribute eight. Mr. Alexander was also concerned about extra-military rights in U.S. bases, but compared with the other two questions this was relatively unimportant. He gave me facts and figures on manpower, air development, naval activities and the like.

61. In his general attitude towards the North Atlantic Treaty, he felt that this was going very well indeed, praised Johnson and Bradley for their drive and serious-

ness, thought that the conditions in the western European countries had shown considerable improvement, but expressed continuing uncertainty about France. He referred to difficulties that had arisen between Field Marshal Montgomery and General Delattre. In Paris, M. Pleven had also referred to this which is indeed the common talk around Europe. M. Pleven had said to me that the fault lay more at the door of Montgomery. In this connection, a revealing incident had occurred about arrangements made for the reception of the members of our National Defence College at Fontainebleau. Before leaving for the United States, Montgomery had told his assistant, Major-General Belcher to look after this and entertain our people. Belcher had made all arrangements without reference to Delattre who was furious about it and told General Foulkes what he thought about this slight. General Foulkes straightened this out with the U.K. authorities so that General Delattre was brought into the picture in connection with our people's visit. M. Pleven said that General Delattre was due to retire in February and he felt that Montgomery should go then too. He felt that there was no reason why the Commander-in-Chief should be an Englishman. After all, France was expected to supply about 12 divisions while Britain might have two or three. Mr. Alexander gave me the opposite side of the picture and while he did not say that Montgomery is going, that appears to be the general understanding.

62. Lieutenant-General Whiteley, Vice Chief of the General Staff, had already raised with me the difficulties they were having with the United States in securing consent to the use with Western Union of information resulting from Canada—U.K.—U.S. discussions on standardization. He thought our agreement should be modified. I raised with him the propriety of our continuing secret planning on a tri-partite basis which, it seemed to me, would be resented by the other countries. I suggested that all formal tri-partite planning should be replaced by informal staff talks at the highest level. General Whitely agreed with this view but the question did not seem to have occurred to Mr. Alexander. The U.K. and the U.S. did not show the same sensitivity to the opinions of other countries as we do.

63. Mr. Alexander referred again to the importance of the Middle East in their defence plans and gave this as an illustration of the apparent inability of the United States to keep a concept already agreed to. Like Mr. Attlee at the lunch following, he referred to the difficulty of making arrangements with the United States due to the Congressional committee system.

64. General Foulkes had already spoken to Field Marshal Slim about the possibility of training in Canada and having Canadian squadrons visit England. When I raised this with Mr. Alexander and Mr. Henderson,⁴⁰ they welcomed the idea but I gathered that it might prove difficult to make arrangements which would be satisfactory to both sides.

65. Mr. Alexander referred to the possibility of tooling up in Canada to permit the production of aircraft for the U.K. without delay. This resulted from approaches by representatives of Canadair Limited to U.K. and other European governments. One

⁴⁰ Arthur Henderson, général d'aviation commandant, commandement de la chasse aérienne, Royal Air Force.

Arthur Henderson, Air Officer Commanding, Fighter Command, Royal Air Force.

proposal had been that Canadair Limited would now set up the tools and jigs to produce a U.K. type of plane like the Canberra and produce a single aircraft to make sure that they could do it, after which the plant should stand by as a shadow factory to be used in an emergency. This, it was estimated, would cost about fifteen million dollars. Mr. Alexander said that the U.K. government would be very interested in this and thought it a very desirable step. They had approached the Americans to see if any MAP funds would be available for the purpose, and had been told that funds would not be available. The U.K. government could not see their way clear to provide the funds. Mr. Alexander spoke as if the matter might be further explored. I gave no indication that we would provide funds.

66. It seemed to me that the United Kingdom had a thoroughly realistic view of modern defence problems and needs. Its forces are better trained, better led and better fed than those of the other countries. However, as in their case, overseas commitments, the man and money consuming cost of conscription and the high cost of modern equipment were leading them to spend much too high a proportion of the defence pound on personnel rather than on equipment.

...

Defence in Europe Generally, December 1949

80. Few people expect Communist aggression at present. All countries report a decrease in internal Communist strength. In the event of an emergency all obviously fear internal sabotage almost as much as external attack. But generally speaking, the situation vis-a-vis the Communists has improved immensely since our last visit in 1946.

81. This was also the case in connection with the work of the Armed Forces. In 1946, secrecy in our sense was almost unknown. This was particularly so in the French Air Force. Good progress is now being made in overcoming that situation but the Armed Forces of France like those of the other countries undoubtedly suffered from the uncertainties of the period when Communists were members of their governments, as well as from the other difficulties inherent in their position.

82. An important fact is that for a large part of the war all the Western European countries were occupied by Hitler. This produced important deficiencies from which they have not yet recovered—in experienced and war-proven officers of all ranks, in equipment of every kind, in design teams, in industrial know-how.

83. Moreover, in consequence of commitments abroad, France, Belgium and the Netherlands have had to call up and maintain considerable armies, resulting in a high proportionate expense on manpower at the expense of the equipment which they lack but need for modern defence. Studies of our own position have led us to think that our spending 57 per cent of the defence appropriations on personnel leaves too little for equipment at present levels. However, in France and the other countries they are spending a much higher proportion. Without verifying the figures exactly, Mr. Plevin told me that in France it was as high as 75 per cent. In Belgium and Holland it would be much the same proportion. I found both Ministers and staffs fully alive to this situation and hopeful that the United States would help them to meet it.

84. None of the Ministers nor officers consulted made any suggestion to me of specific Canadian assistance. Following our discussions at the Cabinet Defence Committee, I asked them if they would be interested in having a relatively small number of officers receive training with the Canadian Army and Air Force in Canada. I said that if they were interested I would try to secure the approval of my colleagues following which we could work on a definite plan. They at once saw the important psychological advantages in this. They appeared to be aware that our training staffs, facilities, equipment and experience, as well as the magnificent record of the BCATP [British Commonwealth Air Training Plan] gave Canada excellent qualifications to do a good job. The Ministers of Defence of France, Belgium, the Netherlands and the United Kingdom all expressed themselves as very interested in such a proposal. This does not come as a new thing to them because all these countries had officers training with the R.C.A.F. in Canada during the war and all of them now have officers training with one or more of the others. Everything I heard and saw pointed to this being an important provision which we could make without great expense and without additional commitment.

BROOKE CLAXTON

419.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, December 21-22, 1949

...

NATIONAL DEFENCE; REPORT OF MINISTER ON NORTH ATLANTIC MEETINGS

67. *The Minister of National Defence* reported on the recent Paris meetings of the Defence and Military Committees under the North Atlantic Treaty Organization.

General agreement had been reached on the strategical concept and the method of operations of the military supply organization. Participating countries appeared to have increasing faith in the ability of North Atlantic signatories to withstand successfully communist attempts at world domination. The defence of the European countries against an immediate attack, however, appeared to be low. Few officers and men were currently being trained by countries of Western Union. This was explained largely by a severe lack of necessary equipment.

Although the question had not been brought up directly, it appeared that members of Western Union would shortly submit to the United States and to Canada a list of deficiencies with a suggestion that they be met largely by the latter two countries. There might be some advantage in anticipating such a request by submission of Canadian proposals which would set forth in some detail the contributions this country was prepared to make.

Four ways in which Canada might contribute to the requirements of the North Atlantic Organization were suggested:

(a) provision of training facilities for a limited number of officers and men from the armed forces of Western European countries;

(b) establishment of a procedure whereby Canada would send certain units of her armed forces to Western European countries from time to time for training purposes;

(c) supply of raw materials;

(d) supply of certain finished military equipment. In view of the U.S. dollar content in Canadian manufactured military equipment, only the first three methods appeared to be practicable at this time.

68. *The Prime Minister* observed that it was difficult at this time to estimate what would constitute a reasonable Canadian contribution. It should be kept in mind that the North Atlantic Pact had been conceived primarily as a deterrent to communist attack. If the North Atlantic organization was to achieve the objective for which it had been designed, it was essential that the deterrent be sufficiently impressive. The size and nature of any Canadian contribution to North Atlantic requirements should be determined in the light of these considerations and of the burden that our economy could be expected to support.

69. *The Cabinet*, after discussion, noted the report of the Minister of National Defence and the remarks by the Prime Minister on recent Paris meetings of the Defence and Military Committees under the North Atlantic Organization.

420.

DEA/50030-C-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2479

London, December 22, 1949

SECRET

Permanent Working Staff of North Atlantic Defence Financial and Economic Committee.

1. After its formal establishment by the main Committee on December 19th, the Permanent Working Staff (P.W.S.) met in Paris on December 20th to consider the following principal items:

(a) Any action taken by the Permanent Working Staff of the Military Production and Supply Board which might be relevant.

(b) The proposals submitted by the United States regarding the general work programme of the Financial and Economic PWS (see paragraph 3 of my telegram 2384 of December 8th.)

2. In connection with the first item, Breithut, the Chairman, reported that, according to his conversations with the Chairman of the Supply Working Staff, it would be of great convenience to the latter body if some guidance could be given at an

early stage regarding financial assumptions which should be made in any supply plans. Breithut intimated that supply planning might already be encountering difficulties as a result of the absence of necessary financial guidance. Some representatives questioned whether the activities of the Supply Working Staff could have yet progressed sufficiently far to have encountered financial difficulties or to have raised urgent financial questions. Some representatives also enquired whether the preparation of a financial plan should precede or come after the development of Production and Supply plans. It was noted that while the Supply people might consider it convenient to have financial guidance in advance of the preparation of their plans, it would probably be feasible in practice to work out financial arrangements only after (or possibly simultaneously with) the preparation of Production and Supply plans which would give some indication of the nature and size of the financial problems requiring solution.

3. At the conclusion of this discussion, it was decided that the Supply Working Staff should be asked to indicate by what dates their programmes (for new production and for transfers of existing surpluses) are likely to be in preliminary or final form. It was also suggested that a regular exchange of documents between the supply and financial sides of the organization might be desirable in order that the work of the two sides might be more closely synchronized.

4. The discussion on the various projects suggested by the United States was confined to the one identified as (a)(1) in my earlier telegram. In connection with this suggested project, it was generally observed that some clarification was necessary before the PWS could judge its propriety, its feasibility, or the priority which should be assigned to it.

5. Ritchie enquired particularly concerning the interpretation of "total approximate budgetary resources available in each NAT country for the defence of the North Atlantic area during the fiscal year 1951 (or the calendar year 1950)". He asked whether this language was intended to refer to each country's intentions, or to its capabilities, or to its defence needs. He remarked that if the purpose of this project was merely to analyse present budgetary "intentions" in respect of defence (an interpretation which seemed unlikely in view of some of the other language in the description of the project), it should be practicable, since presumably countries could table their defence estimates with the PWS at some stage (when their various legislative timetables would permit). However, even on this interpretation, the project probably could not be completed by February 15th. If the project was intended to produce an estimate of the amount of budgetary resources which each country was "capable" (in some sense) of devoting to defence, it seemed doubtful that the project was practicable (quite apart from questions of propriety), and it seemed clear that in any case it could not be completed for a considerable time (since presumably it would be necessary to estimate taxable capacities, and to examine critically all items in the various budgets and not merely those relating to defence). Finally, if the project was intended to take account of "needs" for North Atlantic defence (and not merely of present intentions, or of capabilities) it was difficult to see how the project could be carried very far until the military plans on a North Atlantic basis had made further progress and had been translated into physically practicable production and supply programmes. (In making this last observation

Ritchie was, of course, aware that the Western Union Military and Supply plans—which will probably become the plans for the Western European Regional Group—are possibly already sufficiently advanced to provide a basis for action by the Western Union countries and even to provide guidance for other countries which might assist them. He doubted, however, that these plans provided an adequate basis for estimating the budgetary resources which would be required for all the countries in the North Atlantic area, if that was the purpose of the project suggested by the United States).

6. In reply to Ritchie's question, Breithut indicated that in suggesting this project the United States had been thinking primarily in terms of capabilities, rather than intentions or needs. He thought that all participants in the North Atlantic Organization would wish to be satisfied that each member was doing as much as it could without jeopardizing its economic recovery. (Breithut told Ritchie after the meeting that he was thinking primarily of the European members but he thought it necessary, at least for the sake of appearance, to include all North Atlantic countries in the project).

7. The French representative questioned whether it was practicable to contemplate still further defence expenditures by those countries whose fiscal year begins on January 1st and whose budgets are already in the hands of their Parliaments.

8. The United Kingdom representative pointed out that the section of the directive from the North Atlantic Council (Section 3(1)) which appeared to correspond to the project suggested by the United States, seemed to be somewhat more moderate. That section of the directive appeared to imply that the development of "financial and economic guides to, and limits of, future defence programmes" would be a rather longer term process involving close cooperation among the military, supply and financial organs of the NATO. The United Kingdom representative also thought that the United States project implied that all countries should be capable of "additional...efforts", when in fact some countries (particularly some of those which had undertaken additional supply obligations through Western Union) might already be doing as much as (or even more than) they could afford. Finally, the United Kingdom representative found some difficulty in accepting the restriction of any such project to those resources available "for the defence of the North Atlantic area" since, in his judgement, it might not be practicable or desirable to attempt to segregate expenditures in respect of the North Atlantic area from other defence expenditures (especially since some expenditures earmarked for discharging other defence commitments might, in practice, be diverted to the defence of the North Atlantic area if the situation so warranted).

9. In the light of these preliminary questions and comments, Breithut suggested (and the PWS agreed) that each representative should attempt to submit his detailed comments on the various projects proposed by the United States before the time of the next meeting in order that discussion might be facilitated and decisions reached at that meeting regarding the future programme of work for the PWS. In addition, each representative should submit by that time any suggestions for alternative, or additional, projects. It was also agreed that each representative should endeavour to supply for the information of the PWS (without implying commitments of any

kind) details regarding the budgetary practices of his Government, with particular reference to:

(a) The dates on which the estimates and budget for 1950 are likely to be prepared by the Government, and submitted to Parliament;

(b) The facilities normally available to the Government for seeking supplementary votes or appropriations when necessary.

10. At the conclusion of the meeting there was some discussion on the need which would shortly arise for Secretariat staff (particularly bilingual stenographers). Each representative was asked to enquire of his Government whether any such staff could be made available (it being understood that the Government supplying the personnel would pay the salaries). It was noted that so far the United Kingdom had supplied much more than its reasonable share of the personnel for staffing the Secretariats of the various North Atlantic bodies in London.

11. It was decided that the next meeting of the PWS should be held in London on January 10th. In preparation for that meeting it would be most helpful to have guidance from the Canadian authorities on the following points already mentioned above:

(a) Any detailed comments on the various projects suggested by the United States.

(b) Suggestions for alternative, or additional, projects for the PWS.

(c) Information on the lines indicated in paragraph 9 above regarding Canadian budgetary practices.

(d) Indications concerning the likely availability of Canadian personnel for the Secretariat.

421.

DEA/50030-L-40

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Under-Secretary of State for External Affairs*

SECRET

Washington, December 30, 1949

Dear Mr. Heeney,

I have read with great interest Mr. Pierce's memorandum regarding possible Canadian contributions under Article 3 of the North Atlantic Treaty and Mr. Wilgress' comments thereon, which were forwarded to me under cover of despatch 3121 of December 19th.

I think Mr. Pierce and Mr. Wilgress have set out the problems very clearly and no doubt thinking has subsequently advanced in the Department in the light of this correspondence. I would, however, like to add some comments on the problems as they appear to me from here, although I expect that some of my points may already have been taken into consideration.

I take it that we are agreed that some form of contribution by Canada to our North Atlantic partners under Article 3 of the North Atlantic Treaty is both necessary and desirable in furtherance of the principal objective of the Treaty, which is to build up the collective strength of the signatories and thus to deter aggression.

I understand from Air Vice Marshal Campbell that Mr. Claxton, following the recent meeting of the Defence Committee in Paris, canvassed in some of the European countries the possibility of extending military training facilities in Canada to selected military personnel. I assume that Mr. Claxton will soon be in a position to indicate what facilities of this kind Canada may be in a position to offer to the other signatories of the North Atlantic Treaty. Our geography as well as the special military skills developed in the war will undoubtedly place us in a position of making a special, even if limited, contribution in this field.

As Mr. Pierce and Mr. Wilgress point out, special problems arise in connection with any contribution we may make in the form of military equipment or goods which may be required for defence purposes. Mr. Pierce has put his finger on the crux of the problem when he states in his memorandum that "the question of the American dollar component will arise in nearly all cases". It would seem that, with a few possible exceptions, any products of Canadian industry which we may be able and willing to offer to our North Atlantic partners will not only be affected by Canadian industrial capacity, but also by the arrangements which we are able to make with the United States Government to provide for the U.S. dollar costs which may be involved.

I understand that deficiencies in the various types of military equipment have already been established by the European signatories. If this is so, it would seem advantageous for us to consider as soon as possible which items we could most economically provide. Delaying consideration might result in our being confronted with a list of items which none of the other signatories could or would wish to produce. If we are to make any contribution, I think that we should, at the same time, determine the Canadian dollar limits of such a contribution for the fiscal year 1950. We would then be in a position to indicate to the United States authorities the Canadian dollar limits to our contribution and we could also place before them a list of the items which we might be prepared to supply under Mutual Aid to our North Atlantic partners, indicating at the same time those items which, because of their U.S. dollar component, would require special arrangements to be made with the U.S. government before obligations can be entered into on our part.

The kind of arrangements I have in mind might be considered under three main categories; offshore purchases (already authorized under the Mutual Defence Assistance Act), purchases in Canada for United States forces (at present barred by the "Buy American" Act), and the delivery to Canada of parts of equipment to be manufactured or assembled in Canada for shipment to European countries under our own Mutual Aid Programme, these parts to be included in the Mutual Defence Assistance Act contribution from the United States to the European country concerned.

I would suggest that the sooner we make known our intentions to the U.S. Government, at least on the official level, the better. The Mutual Aid Programme will

be coming up for consideration by the Congress early in the session and I hope that, if we make our views known early enough to the Administration, we might be able to influence changes in the existing U.S. laws governing military procurement in the direction of easing our own position. As you know, one of the most objectionable features under the present Mutual Defence Assistance legislation is the omission of any authority for the United States to purchase in Canada equipment for their military forces. I think that if we show a willingness to make a direct contribution ourselves to the strengthening of the defences of Western Europe, we would assist those in the Administration who recognize the importance of helping us, either through amendment of the present Mutual Defence Assistance Act or at least through administrative relaxation of the "Buy American" Act.

It is, of course, important as Mr. Wilgress points out, to consider the timing as well as the form of any statement of our intention to contribute to mutual aid under Article 3. I am inclined to agree with Mr. Wilgress that we should not adopt a "wait and see" policy and that we should ourselves take the initiative in declaring our position, having assessed the contribution which we may be able and willing to make in terms of our industrial capacity, the state of our dollar reserves, and our fiscal resources. In this connection, I am inclined to favour the approach suggested in Mr. Wilgress' memorandum rather than the idea of dealing with established deficiencies on an ad hoc basis as implied in Mr. Pierce's memorandum.

In conclusion, I would hope that no time will be lost in letting me have, even in a tentative form, a statement of what we might be in a position to contribute under Article 3 of the North Atlantic Treaty in 1950, specifying, as I have suggested, those things which we could only supply on the basis of reciprocal purchases between the United States and Canada. I might then discuss with the State Department those aspects of our proposals which will require the co-operation of the United States.

Yours sincerely,
H.H. WRONG

CHAPITRE V/CHAPTER V
CRISE DE BERLIN
BERLIN CRISIS

422.

DEA/11840-40

Note de la direction de l'Europe
Memorandum by European Division

TOP SECRET

[Ottawa], February 10, 1949

BERLIN BLOCKADE

Currency Discussions

As a member of the Security Council Canada has been taking an active part in the attempts to find a solution to the Berlin dispute which have been made in Paris and more recently by the Technical Committee on Berlin Currency and Trade in Geneva.¹ The Canadian representatives have been governed, first of all, by the view that the Berlin situation constitutes a threat to the peace. On the substance of the dispute, Canada has been intent on a solution which is acceptable to the Western Powers. Bearing these considerations in mind, our representatives have used every effort to seek an agreement which would serve the best interests of the Western Powers. The Canadian delegates have constantly taken the view that the Western Powers themselves should be the ultimate judges of what is acceptable and have striven to see that nothing emerged from the negotiations which would embarrass them.

2. It appears, however, that the Technical Committee on Berlin Currency and Trade has, in fact, produced a document (its preliminary draft report) which promises to be a source of considerable embarrassment. This was not the result of any lack of diligence on the part of the Committee.

3. The four powers involved in the dispute have recently offered their comments on the Committee's preliminary draft report. The United Kingdom, France and the U.S.S.R. have confined their comments to suggesting amendments which would make the draft a satisfactory basis for the settlement of the Berlin dispute so far as currency and trade are concerned. The United States alone has rejected the draft for these purposes, although its reasons for doing so seem to differ in no major respect from those which prompted the United Kingdom and France to offer amendments within the framework of the draft.

4. From the Canadian point of view it was a matter of some concern that Western solidarity had not been achieved on this important problem. Considering the advantages which accrue to the U.S.S.R. by the United States attitude, it would be reasonable to suppose that some compelling reasons must have governed the United

¹ Norman Robertson était le président du Comité technique.
Norman Robertson was chairman of the Technical Committee.

States authorities in their outright rejection of the draft. The Soviet Government is now able to claim that it participated fully in the work of the Committee and that it accepted the general framework of the report as a satisfactory approach to the problem even though this report was drawn up by representatives of countries which would scarcely be called friends of the Soviet Union. The U.S.S.R. could go on to argue that, as the United Kingdom and French Governments had accepted the framework of the report, the United States rejection of it sprang from more than purely technical considerations. From here Soviet propagandists could insist, as some already have done, that the United States Government did not really want a settlement at all.

5. This conclusion is, of course, hardly justified when one considers the expense and difficulties involved in maintaining the airlift but it is the sort of argument which is difficult to dispose of.

6. More recently, the United States Government has suggested another approach to the problem. This envisaged an "interim solution" whereby the United States counter-proposals to the Committee's draft would be put into effect for the control of Berlin currency and trade at the same time as the blockade was lifted. This "interim solution" would remain in force until the four powers, by direct negotiation, could reunite the administration of all of Berlin. The United States would then accept the Committee's draft as a basis for the control of Berlin currency and trade in the re-united city.

7. While this fresh proposal was a considerable advance over the previous United States position, it would require the Soviet acceptance of the United States counter-proposals which the Soviet Government have already rejected as being outside the terms of reference of the Technical Committee. Furthermore, it involved the acceptance of the United States counter-proposals by the United Kingdom and France with which they had previously been unable to identify themselves. If these two countries were now to accept a United States view they had previously rejected, Soviet propagandists would not be slow to claim that they had yielded to American pressure.

8. The present states of affairs is such that one can hope for very little by way of settlement from the Technical Committee. However, it seems important to us that the Soviet Union should not be permitted to make expansive gestures of conciliation based on the Committee's report without being challenged and that the apparent difference of opinion between the United Kingdom and France on the one hand and the United States on the other should be narrowed. We should accordingly be interested to know what compelling reasons the United States authorities had for not making their comments within the framework of the Committee's report. We should also be interested to hear if the United States authorities have any plans for counteracting the effective use the Soviet Government might make of the Committee's report and what the United States Government considers to be the best future course of action.

423.

DEA/7-CA-19(s)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 438

London, February 24, 1949

TOP SECRET

Reference your telegram No. 360 of February 19th† concerning publication of the report of the Technical Committee on Berlin Currency and Trade.

In suggesting earlier that it might be desirable to refrain from publishing this report, my principal concern was to avoid prejudicing any discussions which might be in process or in prospect for a settlement of the Berlin question (see paragraph 8 of my telegram No. 347† and the last part of paragraph 2 in my telegram No. 374)†. I believe that your opposition to publication of the report, as stated in paragraph 2 of your telegram No. 327,† was also based on the assumption that further negotiations might be envisaged, the atmosphere for which would not be improved by the report's publication. There is, however, some indication in the telegram from New York that our people in Lake Success may be interpreting your instructions and my observations as representing opposition to the publication of the report in any circumstances. In my view, as suggested in my earlier messages referred to above, there may be circumstances in which we should not oppose publication of the report but rather might even take the initiative in urging that it be released. In view of the fact that the possibility of renewed discussions on Berlin is so remote that it could hardly be affected by any release of the report in the near future, I think it might be desirable for us to consider the circumstances in which we would not oppose, but might even favour, publication. I am mentioning below some factors which might be taken into account in determining our attitude towards publication:

(a) *Any request from the western occupying Powers for publication of the report.* In that case, unless there was disagreement among the western occupying Powers themselves on the desirability of publication, I presume that we should support such a request.

(b) *Any indication that the Russians desire to have the report published.* In such a case I think we should definitely favour publication in order to protect the west (and the President of the Security Council) against charges later of suppressing a report which presented the Western Powers in what might be regarded (and which would certainly be so interpreted if it had been suppressed for some time) as a bad light. I believe that in this situation the United Kingdom also would not be strongly opposed to publication.

(c) *The likelihood of the western "b" mark or the straight western mark being made the sole currency of western Berlin in the near future.* When this action is taken by the western Powers, the Russians will almost certainly let loose a propa-

ganda barrage against the West and, even if the Russians themselves had not pressed for earlier publication of the Committee's report, they could probably make good use of the fact that such action by the West in Berlin was taken before the report was made public. They could misrepresent the western position in the Committee's discussions quite freely and any rebuttal which might be supplied by the subsequent release of the report would probably be ineffective. If the report were to be published before such a move by the western Powers in Berlin, the western public at least would be prepared for such a move and would regard it as a fairly natural outcome of the failure of the Committee's project and would be at least somewhat immunized against any Russian propaganda that might accompany the bringing in of the western mark. The timing of any publication in relation to the introduction of the western mark should probably be a matter for consultation with the three western Powers or perhaps it might even be left to them to make the request for publication in the light of their own timetable. From conversations which Ritchie had yesterday with Dean and Gifford in the Foreign Office it appears that, while the United Kingdom would probably agree with my reasoning, they would be opposed to publication (unless other reasons require such publication) much in advance of the actual currency changeover since they feel that any vigorous comments by the press or by the Russians following on such publication might discourage their partners from going along with the western currency reform in Berlin at the last moment.

(d) *Any request from one of the countries represented on the Committee, particularly if it is claimed that the position of that country's member on the Committee or the position of the Committee as a whole was being misrepresented in the press.* In that case I feel that we should probably agree to publication.

(e) *Any pressure from the Secretary-General for publication of the Committee's report, particularly if the press misrepresents the position of his representative on the Committee.* The United Kingdom apparently do not feel that a mere request from the Secretary-General should be regarded as sufficient justification for the release of the report. If, however, speculation in the newspapers created an embarrassing position for the Secretary-General (as some items by "Pertinax" in the French press may have done already) I think that we are not justified in opposing any request from him for publication in view of the political risk which he took in assigning a representative to a Committee which was not formally a Committee of the United Nations.

(f) *Any request from members of the United Nations not represented on the Security Council but nevertheless interested in the Berlin question.* I think serious consideration would have to be given to any such request for publication. For instance, the Australians (both by virtue of their membership in the United Nations and of the fact that Evatt is still President of the Assembly) might ask for publication in connection with the resolution of the General Assembly regarding the need for the Great Powers to reconcile their differences. In that particular case the Western Occupying Powers might hesitate to agree to publication if they felt that it would lead to a new initiative by Evatt to intervene in the Berlin question.

2. In listing these factors I have not attempted to suggest what priorities should be assigned to them in case some of them should turn out to be in conflict at any particular time. All that I am suggesting is that our opposition to publication should be qualified and should be subject to reconsideration if any of these factors develop. My own general view is that it probably is more dangerous to suppress the report if there is any interest in having it released than to make it public at this time.

424.

DEA/7-CA-19(s)

*Note du chef, direction de l'économie
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic Division
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], February 25, 1949

I attach a copy of London despatch No. 336 of February 15th, 1949,† and its enclosure, embodying the report of the Technical Committee on Berlin Currency and Trade. This enclosure does not include the numerous supporting documents which you have seen as we received them over the past three months.

2. The report confines itself to a chronicle of the Committee's activities with a conclusion to the effect that the positions of the experts of the four occupying powers were so far apart that further work by the Committee did not appear useful. As you know, failing an agreement, the Committee had no power to produce a recommendation of its own.

3. The most important feature of the report is that it mentions the preliminary draft recommendations produced by the Committee after consultation with the experts of the four powers and the reactions of the four powers to them. The preliminary draft recommendations were carefully defined in advance as a working paper, for, from the Committee's terms of reference, it could be nothing else. However, it must be conceded that in putting them forward the Committee must have considered them at least as a basis upon which agreement could be reached.

4. This at any rate appears to have been the case until other events, including the success of the airlift, indications of Soviet anxiety, and the situation in Berlin itself, changed the attitude of the United States in particular toward the Committee's work. I think it is fair to say that there is ample evidence that the United States hostility to these recommendations was born of political, not technical, considerations.

5. One question is the sincerity of the United States counter-proposal (though it won over the United Kingdom and France) because there are virtually no conditions on which the Berlin currency could be unified on the basis of the Soviet mark which the United States would accept until the blockade was lifted.

6. The problem now is what should be done with the report. Presumably the President of the Security Council will consult his colleagues in the group of six. They appear to have two courses open to them:

(a) To publish the report, announce that no agreement is possible, and hand the matter back to the Security Council where the initiative would return to the United Kingdom, United States and France.

(b) To assume that the United States counter-proposal or "interim solution", now supported by the United Kingdom and France, offers a solution to the Berlin deadlock and to attempt to draft a resolution for the Security Council based on it.

7. While the first course would probably be the most realistic, it seems to me that the Western Powers might prefer to adopt the second and to have a resolution put forward under the joint sponsorship of the group of six. This would give the Soviet Union an opportunity to veto it and there the matter would rest until the anticipated softening of Soviet tactics in Germany began.

8. The difficulty with either course is that it would place the Soviet Union in a position from which it would be extremely difficult to retreat. If the Soviet Union is anticipating a change of tactics in Germany however, they might encourage the group of six in the belief that a solution based on the "interim" plan is possible and endeavour to influence the drafting of the resolution so as to obtain as many concessions as possible. They could then present the final recommendation as the fruit of Soviet peace-making.

9. I doubt if we should take part in negotiations based on the "interim" plan unless we are assured that the United Kingdom, United States and France are willing to accept it with reasonable modifications. Our delegation might otherwise become involved in a situation comparable to that from which we have just emerged in Geneva. Without a clear understanding on this point we might suggest that the group of six publish the Technical Committee's report, and resign the matter to the Western Powers in the Security Council.²

10. I attach a copy of London telegram No 374 of February 16th† which, I think, gives colour to the interpretation of the Western Powers' intentions given here.

H.O. M[ORAN]

425.

DEA/7-CA-19(s)

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni
Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 397

Ottawa, March 1, 1949

TOP SECRET

Reference your telegram No. 438 of February 24th.

²Note marginale:/Marginal note: *

My own view—after our experience on the Technical Committee—is that we should support (a) above and leave any further initiative entirely to the USA, UK and France. I still feel that the USA have to some extent at least, been "leading us up the garden path" in our recent efforts to help solve the Berlin blockade problem. [L.B. Pearson]

1. We agree in general with your suggestions as we were not in fact unqualifiedly against publication. We were anxious, however, that the report should not be released prematurely and without consultation.

2. We do not entirely share your view that the possibility of renewed discussions on Berlin is remote. It seems to us that although the Committee's work is probably ended, there will be further discussions either in the group of six or in the Security Council itself and these might be adversely affected by the publication of the report. Nevertheless, we agree that there may well be circumstances such as those envisaged by you in which it would be much worse to suppress the report than to publish it. In that case publication should be by common consent and not by independent decision. As the report is the property of the President of the Security Council all queries concerning it and decisions about its release should be referred to him. He has already agreed that he should consult the six delegations before taking action. Our attitude in any consultations will take into consideration the views offered by you.

3. I am sending similar comments to New York and Washington.

426.

DEA/7-CA-19(s)

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 422

Ottawa, March 4, 1949

TOP SECRET

Reference my telegram No. 397 of March 1st commenting on your observations about the publication of the Technical Committee's report.

2. We may assume that our delegation in New York will shortly be called upon to discuss the disposition of the report. There seem to be two courses open:

(a) To publish the report, announce that no agreement is possible, and hand the matter back to the Security Council where the initiative would return to the United Kingdom, United States and France.

(b) To assume that the United States counter-proposal or "interim solution", now supported by the United Kingdom and France, offers a solution to the Berlin deadlock and to attempt to draft a resolution for the Security Council based on it. This course might be followed whether the report was published or not.

3. In your telegram No. 453 of February 28th† it is noted that the United States and France are in favour of having the report published and that it may not be long before the United Kingdom is won over. Should a demand for publication result we certainly ought not oppose it, for reasons given in your telegram No. 438 of February 24th, even though publication might complicate matters should negotiations be resumed. I think that, considering our experiences on the Technical Committee, we should welcome any decision which might release the group of six from this under-

taking which may prove to be even more embarrassing in the future than it has been up to the present.

4. For these reasons, it is my view that we should support any move by the United Kingdom, United States and France for publication and at the same time leave any further initiative entirely to those countries.

5. A telegram along these lines is being sent to New York.

427.

DEA/7-CA-19(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 285

New York, March 11, 1949

TOP SECRET

Following from Ignatieff, Begins: Technical Committee Report.

In accordance with your teletypes No. 210 of March 4th^{3†} and No. 238 of March 11th,^{4†} the United Kingdom, United States and French delegations were informed by me today that we would support their move to have the report released for publication by the President of the Security Council.

2. Later today the President got in touch with me to ask the view of our delegation about the publication of the report and he was informed that we would support the releasing of the report for publication. The President apparently does not intend convening a formal meeting of the six delegations not directly concerned in the Berlin dispute, unless he is requested to do so, but will merely clear with them by telephone. I understand that the Three Powers have impressed upon him the desirability of having the report published as soon as possible and have given him suggestions regarding a brief statement which might accompany his release of the report. Ends.

³ Double du document 426.

Repeats Document 426.

⁴ Ce télégramme renvoie à une conversation tenue entre Ignatieff et Holmes, et ordonne à la délégation de:

That telegram refers to a conversation between Ignatieff and Holmes and instructs the delegation to: support a move by the United Kingdom, United States and France for the publication of the [Technical Committee's] report.

428.

DEA/11840-40

*Note de la direction de l'Europe
au sous-secrétaire adjoint d'État aux Affaires extérieures*

*Memorandum from European Division
to Deputy Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], March 15, 1949

As you know, it has been the Government's attitude that Canadian participation in the Berlin airlift was not compatible with our activities on the Security Council of the United Nations while it was endeavouring to resolve the dispute over Berlin.

2. According to word received from New York and from the Commonwealth Relations Office, the report of the Technical Committee on Berlin Currency and Trade will be made public in the near future. The United Kingdom, United States and France are requesting that its publication be accompanied by a statement from the President of the Security Council that there is nothing further which the Security Council can do at present to solve the Berlin problem. The question therefore arises:

Does the Government intend to reconsider its policy on the airlift. It is difficult to see how they could avoid doing so. Our recommendation could be either:

- (a) To participate on clearly understood terms, or
- (b) To claim that disabling circumstances still exist which would prevent our participation. It appears that the Government has never publicly dismissed the idea of participation as a matter of principle.

3. If we are to offer help it should be in a form which is acceptable to the occupying powers. For example, it would seem that the use of Canadian aircraft would have many technical complications. Such at any rate is the view of a spokesman of the United States airforce (New York telegram No. 90 of February 28th).† Our share therefore might well be limited to the contribution of personnel.

4. You will recall that this possibility was considered earlier and rejected as unsuitable. However, might we not argue that when the Atlantic Pact is signed we might properly join the airlift and demonstrate the principle of coordination embodied in the Pact. We might also note the training value to the R.C.A.F. of participation.

5. As I understand it, a more subconscious reason for not participating in the first place was that it might thus have appeared to be part of a concerted Commonwealth act. On the analogy of our declaration of war in 1939, perhaps enough time has now elapsed to justify our independent action in this matter.

6. If we hold that conditions still exist that make Canadian participation undesirable, this could only be defended if a reasonable offer were made by Canada and turned down by the occupying powers.

7. In either case would it not be wise to take preliminary soundings both in the United Kingdom and the United States as we would have to know the form and conditions of participation in order to decide on a defensible course of action.⁵

T.W.L. M[ACDERMOT]

429.

DEA/7-CA-19(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 310

New York, March 16, 1949

SECRET

Technical Committee on Berlin Currency and Trade.

You will have received the text of my message No. 307 of March 16th,† containing the texts of the letter dated March 11th, from the President of the Security Council to the Secretary General,† together with the statement issued by the President† which accompanied the release of the report of the Technical Committee.

2. This press release was accompanied by a note to the effect that it was not to be published or quoted from by the press or radio before 6:00 p.m. today, Wednesday, March 16th. It is understood that at that time the Western Powers will each make a supplementary statement explaining their positions.

3. We were informed today, in strict confidence, by the United States delegation that it is the intention of the three Western Powers to introduce the western B mark as the sole currency in the western zones of Berlin within a very short time.

430.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 22, 1949

BERLIN AIRLIFT; CANADIAN PARTICIPATION

7. The Minister of National Defence reported that word had been received from the Air Force Liaison Officer in London that plans were being made by the U.K. and U.S. governments to carry on the Berlin airlift for an extended period.

⁵ Notes marginales:/Marginal notes:

Mr. Heeney: you might wish to discuss with the Minister March 17/49 E[scott] R[eid]

No—I am satisfied that the gov[ernment] would not wish to raise this question now A.
H[eeney]

In these circumstances, the question of Canadian participation was likely to be revived and there was some indication that a request might be received for both aircraft and crew.

It was proposed to instruct the Air Force Liaison Officer to make informal representations to the U.K. authorities that any request of this nature be delayed until the North Atlantic Pact were signed. The matter might then be considered as a measure of co-operation between countries signatory to the Pact.

8. *The Cabinet*, after discussion, noted the report of the Minister of National Defence on possible Canadian participation in the Berlin airlift and approved the suggested procedure for communicating the government's views informally to U.K. authorities.

431.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 29, 1949

...

BERLIN AIRLIFT; CANADIAN PARTICIPATION

10. *The Secretary of State for External Affairs*, referring to discussion at the meeting of March 22nd, reported that the U.K. High Commissioner had intimated that the U.K. would shortly be approaching the Canadian government officially seeking assistance in the Berlin airlift.

Circumstances had changed somewhat since this matter was first discussed. In the interval, negotiations to settle the Berlin problem had failed and plans were being made to operate the airlift for an extended period.

While the U.K. High Commissioner had been given no indication of the attitude of the Canadian government to this question, it had been suggested that any requests of this kind should be made on behalf of the occupying powers and be directed to all other countries participating in the North Atlantic Pact.

With regard to the nature of the request, it would likely be for participation with R.A.F. It was believed, however, that R.C.A.F. would prefer to work with the U.S. Air Forces.

11. *The Prime Minister* observed that it would facilitate consideration of this matter by the government if the request were made along the lines that Mr. Pearson had suggested to the U.K. High Commissioner. If an international authority were in charge of the whole airlift, contributions by other participating countries could be used in such a manner as to achieve the best overall results.

12. *The Cabinet*, after further discussion, noted the report of the Secretary of State for External Affairs and agreed that the question of Canadian participation in the Berlin airlift be referred to the Minister of National Defence for consideration (possibly in the first instance by the Chiefs of Staff Committee in consultation with the Secretary to the Cabinet and the Under-Secretary of State for External Affairs).

432.

PCO/Vol. 119

*Note du secrétaire, Comité du Cabinet sur la Défense
au Comité des chefs d'état-major*
*Memorandum from Secretary, Cabinet Defence Committee
to Chiefs of Staff Committee*

Ottawa, March 31, 1949

SECRET

BERLIN AIRLIFT: CANADIAN PARTICIPATION

At the March 29th meeting of the Cabinet, the Secretary of State for External Affairs reported that the U.K. High Commissioner had intimated that the United Kingdom would shortly be approaching the Canadian government officially seeking assistance in the Berlin airlift.

The request would likely be for both aircraft and personnel to participate with the R.A.F. in their effort.

Mr. Pearson, in making his report, observed that circumstances had changed somewhat since this matter was first discussed. In the interval, negotiations to settle the Berlin problem had failed and plans were now being made to operate the airlift for an extended period.

While the U.K. High Commissioner was given no indication of the attitude of the Canadian government to this question, it was suggested to him that a request of this kind would receive more favourable consideration if it were to be made on behalf of the occupying powers and were to be directed to all other countries participating in the North Atlantic Pact.

The Cabinet agreed that some thought should be given to the practical problems that will arise if the government should decide to participate in the Berlin airlift, and the matter was referred to the Minister of National Defence with this in view. Mr. Claxton asks that the Chiefs of Staff, in consultation with the Secretary to the Cabinet and the Under-Secretary of State for External Affairs, consider these questions and let him have their views.

Will you be good enough to consider the subject in a preliminary way with the civilian officials named and submit a report to the Minister of National Defence.

E.W.T. GILL

433.

DEA/11840-40

*Ébauche de note du sous-secrétaire d'État aux Affaires extérieures
au secrétaire d'État par intérim aux Affaires extérieures⁶*

*Draft Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

SECRET

[Ottawa], April 2, 1949

BERLIN AIRLIFT

I refer to the minute of the Cabinet meeting of March 22 dealing with an anticipated request by the United Kingdom and United States Governments for Canada's participation in the Berlin airlift after the North Atlantic Pact is signed. Should you wish to discuss this question further with your colleagues, you may find the following of some use.

2. As you know, one of the objections to our participation earlier was that it was not compatible with our activities on the "neutral" Technical Committee on Berlin Currency and Trade. These activities were, in effect, ended by the publication of the Committee's report by the President of the Security Council. This disability, therefore, no longer exists.

3. In accordance with the Cabinet decision, it is assumed that our cooperation in the airlift would be considered as a measure of cooperation between countries signatory to the Pact. There seem to be two possible approaches that might be made under the treaty, the first under the general provisions of Article 3 calling for "continuous and effective self-help and mutual aid"; the second under Article 4 which calls for consultation in the event of a threat to any of the parties.

4. Under Article 4, it is relevant to recall that early last October the Canadian delegate to the Security Council voted in favour of a resolution to place the Berlin dispute on the agenda as a threat to international peace and security. This attitude was further expressed in General McNaughton's statement of October 15 when he said:

"...the situation is that we are carrying on this debate under the shadow of violence."

5. It could therefore be argued that the Berlin dispute comes within the provisions of Article 4 of the Atlantic Treaty as threatening the security of the parties. If this interpretation of Article 4 were accepted, we would be committed to consult with the other signatories preliminary to taking concerted action. An appeal for Canada's participation would presumably follow consultation and take effect only in concert with the other signatories. This would transfer the responsibility of what is now a United Kingdom-United States project to the Atlantic group.

⁶ Cette note fut rédigée par les membres de la direction de l'Europe, pour la signature de Heeney. Elle fut retournée sans signature avec la note ci-jointe:

This memorandum was prepared by the European Division for Heeney's signature. It was returned unsigned with the following note attached:

Mr. MacDermot: I w[oul]d hold this, at any rate, until Chiefs of Staff C[ommi]ttee have dealt with current reference (See Crean—D[efence] L[jaision] D[ivision]). A. H[eeney].

6. There are indications that the U.S.S.R. are coming to the point where it may be possible to negotiate a general German settlement. The Government has expressed considerable interest in taking a part in this settlement commensurate with our contributions to allied victory and to European recovery. Participation in the Berlin airlift would strengthen our position should the Government wish once again to press for an adequate share in the negotiations to this end.

434.

DND/Vol. 21814

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], April 5, 1949

VI. BERLIN AIRLIFT—CANADIAN PARTICIPATION

17. *The Secretary to the Cabinet*, in referring to the memorandum which had been circulated, pointed out that the Government required a report on the military problems which would arise if Canada participated in the Berlin Airlift, together with a recommendation as to the most suitable form of contribution.

(Memorandum of 31st March, 1949, from the Secretary, Cabinet Defence Committee—CSC 7-7 of 1st April)

18. *The Chief of the Air Staff* stated that the United Kingdom authorities were hopeful that Canada would volunteer to provide aircrews, which could be integrated with the Royal Air Force component of the airlift scheme. This arrangement was not acceptable to the Royal Canadian Air Force. It would be preferable to provide a small unit of approximately seven North Star aircraft, together with the necessary maintenance staff, and, because of certain maintenance and repair factors, to attach this unit to the United States Air Force component. Such a contribution would result in the closing down of considerable R.C.A.F. northern traffic. It might be necessary for the Canadian Pacific Air Lines to take over certain R.C.A.F. commitments for Churchill and Baker Lake. Participation in the Berlin Airlift would not, however, affect present commitments to the Army concerning paratroop training, but might limit to some extent mapping and survey work. A full report covering all details of the force was now being prepared and would be forwarded direct to the Minister of National Defence.

19. *The Committee* noted the remarks of the Chief of the Air Staff and agreed that the report be forwarded direct to the Minister of National Defence.

435.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, April 12, 1949

BERLIN AIRLIFT; CANADIAN PARTICIPATION

22. *The Minister of National Defence*, referring to discussion at the meeting of March 29th, reported that some further consideration had been given to the nature of Canadian participation in the Berlin airlift should this question be raised again.

It was felt that an appropriate contribution might be fourteen North Star aircraft and a force of 75 officers and 400 men. A contribution of these proportions would permit a minimum of three aircraft to be in operation at one time. The cost was estimated at about \$11 million for the first year.

An alternative scheme would be to provide only personnel, but this was regarded as less desirable than a balanced contribution of aircraft and men. The estimated cost in this case would be \$1½ million.

From a practical standpoint, there would seem to be advantages in integrating any Canadian force with the U.S.A.A.F.

23. *The Cabinet*, after discussion, noted the preliminary remarks of the Minister of National Defence on the question of Canadian participation in the Berlin airlift, it being understood that the study would be continued and a report made in due course.

436.

DEA7-DE-2(s)

Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures

Permanent Delegate to United Nations
to Secretary of State for External Affairs

TELEGRAM 518

New York, April 27, 1949

SECRET

Berlin blockade. Following from Ignatieff, Begins:

You will have seen the communique issued by the State Department and published in the New York Times today, Wednesday, April 27th, describing the negotiations between Jessup and Malik to lift the Berlin blockade. This communique concludes with the statement that, if the present position of the Soviet Government is as stated in the Tass Agency release published April 26th "the way appears clear for lifting of the blockade and meeting of the Council of Foreign Ministers. No final conclusion upon this can be reached until further exchanges of view with Mr. Malik."

2. At a dinner given by the Secretary General for the President of the Assembly last night, Trygve Lie told me that, according to information he had received about the Jessup-Malik talks, agreement was virtually complete for the lifting of the blockade, except for the fixing of dates for the reciprocal and simultaneous lifting of restrictions imposed by the Soviet Union since March, 1948, and restrictions imposed by the three Powers on communications and trade between the Western and Eastern zones of Germany, together with the fixing of a date for the meeting of the Council of Foreign Ministers. Mr. Lie, who was in a very optimistic frame of mind about these talks, said that he felt sure that agreement this time would be reached on the fixing of dates. He said that he thought that the Soviet Union this time was anxious to reach an agreement. He was happy that the Jessup-Malik talks had been initiated at Lake Success as it indicated the importance of the United Nations as a bridge in present times between East and West. Hector McNeil, Gromyko and Dean Rusk, who were also at the dinner, spent most of the evening apart from the other guests in conclave. Ends.

437.

DEA/7-DE-2(s)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 900

London, April 28, 1949

SECRET

United States-Soviet negotiations for lifting of blockade of Berlin.

[R.A.] Ford has discussed the situation with Hankey, Head of the Northern Department of the Foreign Office. Latter are by no means so optimistic as State Department seems to be of prospects of an end of blockade and meeting of Council of Foreign Ministers. Hankey admits Russians must be trying hard to find a way out of the impasse they have got into. There is no doubt of their economic and political failure in the Soviet zone of Germany and he continues to think it would be well-high impossible for them to establish a successful Government in Eastern Germany as a riposte to a Government in Frankfurt. At the same time the air lift is a continuous reminder to the Eastern Germans that the Western Powers have successfully withstood the Soviet siege. As long as it keeps up it will give intangible but powerful encouragement to the anti-Soviet elements in Eastern Germany. On the other hand the Russians must be aware how costly it is proving and that it is a cheap way of seriously embarrassing the Western Powers.

2. Hankey is certain, however, that the Russians are going to demand a pretty steep quid pro quo before ending the blockade. He cannot believe they will ask for anything less than

- (a) Postponement of the setting-up of a Western German Government,
- (b) A share in control of the Ruhr and

(c) The establishment of a United German Government in Berlin with possibly the withdrawal of all occupation troops.

3. Any such offer is going to be examined with the greatest care in the Foreign Office. The Russians may dress it up to look extremely attractive not only to the Germans but to the outside world as well. They may accompany it by some camouflage such as real concessions in Austria. In any case Hankey thinks that the Russians are not likely to want to lift the blockade unless they can get an assurance that such questions will be discussed at a C.F.M. meeting. He stressed that so far as they know no precise proposals had yet been made by the Russians.

4. Foreign Office objections to the above mentioned Soviet aims are roughly as follows:

(a) A postponement now of the setting up of a West German Government would destroy all the patient work of the last eight months as well as German confidence in the intentions of the Western Powers. It would also mean a return to Governmental chaos and put the Western Zones in a disadvantageous position vis-a-vis the Eastern Zone with its Communist Government and well-armed police;

(b) Soviet participation in control of the Ruhr remains one of their principal aims in Germany. Through it they could stir up labour troubles in an area essential to the economic recovery of Western Europe. They could also play on the French fears, which are only just below the surface, that the Ruhr was being reconstructed at their expense, and menace that Anglo-French co-operation and confidence which had been only built up with great trouble;

(c) The Russians would never in the end accept a United German Government which they were not certain in Communists could control. At the present time, with or without the withdrawal of occupation troops, a United German Government sitting in Berlin would be at the mercy of the Communists. The Germans have never been good at resisting Governmental force, and Czechoslovakia and Poland would be repeated all over again.

5. Hankey thinks, therefore, that such Soviet proposals, if made, should be rejected, though it would have to be done with the greatest tact in order not to give the Russians a propaganda field-day. This does not necessarily mean, however, that they would refuse to call a new meeting of the C.F.M. to discuss these questions if the blockade were lifted. Once the West German Government was created and showed signs of resilience, however, it might be another story. The principal Soviet aim in Europe is the communisation of Western Germany; just as the principal allied goal is to prevent that. Therefore every Soviet proposal concerning Western Germany is likely to be made with a view to furthering the Soviet aim, and must so be examined by the Western Powers.

6. Asked what, then, can be the outcome, Hankey thought the most we can hope for is a continuation of the division of Germany along the present lines. With the growing economic and political recovery in Western Germany exercising continued pressure on Eastern Germany, he believes the Russians will have in time to settle the blockade in order to relieve at least the economic situation in the east; though he admits the unpredictable might happen and the Russians decide to cut their losses and lift the blockade within the near future.

438.

DEA/11840-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 906

London, April 29, 1949

TOP SECRET

Following for Prime Minister from Pearson.

I had lunch and a very interesting talk yesterday with Mr. Bevin. He was in good spirits and seemed to be in good health. He was enthusiastic about the results of our Commonwealth meeting.

2. We had quite a long discussion about the Berlin blockade negotiations with the Russians, and afterwards he let me see all the telegrams that have been exchanged between here, New York and Washington. The British are being very cautious about these developments as they feel that the Russian moves may be designed not so much to secure an agreement which will permit the lifting of the blockade, as a situation which they could exploit tactically to delay the establishment of a Western German Government on the grounds that such an establishment would be made more difficult once the Foreign Ministers had begun a conference which could be prolonged indefinitely. The Americans seem to be more inclined to view the Russian overtures as an indication of a genuine desire to lift the Berlin blockade and even Bevin admits that the developments of the last few days have strengthened the view that this optimistic view may be the correct one. In any event there seems now to be a fairly good chance of successful results of the current conversation which would presumably make the airlift unnecessary. However even if the blockade is lifted the Anglo-American airlift organization will be maintained for a time and supplies flown into Berlin though a diminishing rate. In other words, there is not likely to be any sudden stoppage of the airlift.

3. I do not know to what extent you are getting information on this matter from New York or the Embassy in Washington but I thought you might be interested in yesterday's conversation. Message ends.

439.

DEA/7-DE-2(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa], May 7, 1949

GERMANY—RECENT DEVELOPMENTS

As reported in the press on May 5, representatives of the four occupying powers of Germany have agreed at Lake Success:

(1) to remove on May 12, all the restrictions imposed since March 1, 1948, on communications, transportation and trade between Berlin and the Western zone of Germany and between the Eastern and Western zones, and

(2) to convene a meeting of the Council of Foreign Ministers in Paris on May 23, to discuss outstanding problems relating to Germany. (The Soviet Government has agreed that during the meeting of the Council of Foreign Ministers preparations for the establishment of a West German Government may continue.)

As this decision involves a distinct departure from the tactics followed by the Soviet Government for more than a year, the question arises as to whether it was based upon a genuine desire to reach a quadripartite accord on all of Germany, or whether it was designed to secure for the U.S.S.R. the initiative in directing political developments in Germany. It has become apparent that the Soviet attempt, through the imposition of the Berlin blockade, to diminish the influence of the Western Powers in Germany has not only failed, but has had the opposite effect, as it has provided the opportunity for the closer association of Berlin and Western Germany with the Western democracies.

As indicated in the declaration issued on June 24, 1948 at Warsaw following the meeting of the Foreign Ministers of the U.S.S.R. and the satellite countries, the Soviet attempt to seize the initiative would probably include a proposal for the establishment of a United Germany from which all occupation forces would be withdrawn. Whatever may be the nature of the Soviet proposals, the Western Powers will undoubtedly insist that a United Germany must be an independent democratic state free to co-operate with O.E.E.C. and the Council of Europe.

A.D.P. H[ENEY]

440.

DEA/7-DE-2(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 595

New York, May 7, 1949

SECRET

Berlin Blockade.

On Thursday May 5th, Cadogan spoke to me and offered to give me an account of the conversations concerning Berlin that had taken place here amongst the representatives of the occupying forces. I saw Cadogan on this subject yesterday (May 6).

2. Cadogan said that the meeting of Council of Foreign Ministers had been set for 23rd May, in order to end during the second week of June. The Western Powers had been apprehensive that the Russians might suggest a later date, and then attempt to spin out the meeting as much as possible in view of the 15th July elections; Malik, however, had readily agreed to having the Council of Foreign Ministers meet on 23rd May, and had added that it might conclude even earlier than mid-June.

3. In regard to the lifting of restrictions, Cadogan said that full account had been taken of the existence of two separate currencies. It was specifically agreed by Malik that the new currency in the western section of Berlin would not, repeat not, be regarded by the U.S.S.R. as one of the restrictions in trade which are to be withdrawn. It might in fact be the case that trade between the eastern and western zones would be slow in developing because of the separate currencies, but Malik had undertaken not to make difficulties on this account.

4. Cadogan said that the understanding in regard to the agenda was flexible. Any Minister could ask for the inclusion of any subject to the agenda. The United Kingdom had suggested that it might perhaps wish to have Austria discussed, and Malik had agreed that this would be possible. The order in which subjects were to be discussed had also been left for the Ministers themselves to decide. There would be no need for the four military authorities to come together prior to the meeting of the Council.

5. In regard to the Security Council, Cadogan said that when the three Western Powers were satisfied that the blockade had virtually been lifted, they would formally write to the Secretary-General asking that the Berlin item be taken off the agenda. This letter would be sent to the Secretary-General rather than to the President, in order that the French representative would not have to write to himself.

6. Cadogan added that the three Western Powers have given no commitments in regard to western Germany. On the contrary, they had specifically informed the Soviet authorities that they intended to press forward with their plans for the establishment of a Government in the western zones.

7. According to Cadogan, the Soviet authorities had shown themselves eager to reach an agreement, and he expected that this attitude would be maintained in the Council of Foreign Ministers meeting. The United Kingdom, however, had no illusions in regard to Soviet motives. Agreement to the lifting of the blockade represented a change of tactics and not a change of purpose.

8. I have suggested to Ross of the United States delegation that I would be grateful for some clarification from United States sources of the Berlin situation. Jessup has left New York and is not expected to return before the end of the Assembly. Rusk will be here next week, however, and Ross tells us that in response to my suggestion he has agreed to give us a full account of the negotiations and of their expectations for the Council of Foreign Ministers meeting. He has said that Kennan as well as Rusk will talk to me and that he will probably indicate his views as to the specific motives the U.S.S.R. has in mind in agreeing to the raising of the Berlin blockade.

441.

DEA/7-DE-2(s)

*Chef, Mission militaire canadienne à Berlin
pour le secrétaire d'État aux Affaires extérieures*

*Head, Canadian Military Mission in Berlin
to Secretary of State for External Affairs*

DESPATCH 454

Berlin, May 12, 1949

SECRET

Sir,

As you are well aware, the blockade was lifted just after midnight today. This important event, Berlin's Allied community took rather calmly. It is with considerable relief that we now feel we can get out to the West at pleasure without having to scramble for indifferent air accommodation. But, or so it seems to me, our interest was aroused when the announcement was made, for this was a clear indication of a change in Russian policy.

The reason for our calmness is that, although the outer world will never believe it, our lot here this last year has not been unpleasant. We lacked nothing except freedom of movement. The British ration it is true, has been austere, but so it is in England, and it will continue meagre now that we have been de-blockaded.

It was, therefore, with some interest that I listened last night to the local radio, and again to the BBC news broadcast this morning, and learned that the news agencies were making a tremendous fuss about it all. There seemed to be special broadcasters on the autobahn, on the trains and in Berlin, apparently trying to convey a feeling of intense excitement. I may be insensitive but to me the simple fact was that we were merely resuming the conditions under which we lived a little more than a year ago.

As I see it, the point for inquiry and speculation is the attitude M. Vyshinsky will assume at Paris in ten days' time.

I have, etc.

MAURICE POPE

442.

DEA/Vol. 829

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], May 16, 1949

TOP SECRET

Attached are copies of six U.S. Department of State memoranda dated March 15th, March 21st, April 5th, April 11th, April 27th and April 29th, respectively, reporting Jessup's conversations with Malik regarding the lifting of the Berlin blockade and the convening of the Council of Foreign Ministers.

These documents I received yesterday, by hand, from McNaughton. They were given to McNaughton and Ignatieff by Rusk with the definite understanding that this arrangement was entirely personal and not on the record. It was further understood that the papers would be transmitted for your information but Rusk particularly asked that they should not be alluded to in any way, since the State Department wished to reserve the right to deny that copies had been given to the Canadian government. In particular, Rusk asked that knowledge of our possessing these documents should not reach the United Kingdom and French governments; he said that no other Delegation had been given these notes nor the information contained in them. I have assured McNaughton in my acknowledgement that we will see that his understanding with Rusk is complied with in every particular.

The memoranda are very interesting. I read them yesterday. In general they confirm the reports which we have received. Perhaps the most interesting feature of the accounts is the degree of care which Malik obviously felt bound to take before reaching agreement with Jessup, even on the least detail. It seems to me too that this record of the conversations is good evidence of a new strength of the Western position, in dealing with Soviet representatives. Jessup apparently held the line in every particular and the Soviet negotiator had to meet him eventually on all Jessup's main points.

The account emphasizes too the difficulties arising purely from the problem of translation, particularly when coupled with ingrained suspicion on both sides.

If you will return these documents when you have read them I propose to show them to Reid and one or two others and then put them away in the safe.

A.D.P. H[EENEY]

443.

DEA/7-CA-19(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

DESPATCH 861

Ottawa, October 7, 1949

Sir,

On September 29 we received from the United Kingdom High Commissioner's Office here a memorandum commenting on some views expressed by the Australian Government on the United Kingdom's proposal to leave the Berlin question on the Security Council Agenda. I attach a copy of this memorandum.†

2. Commonwealth Relations Office telegram Q. No. 9 of August 27, which was forwarded to you as telegram No. 672 of September 2, 1949,† refers to this.

3. The recent breakdown of four power talks in Berlin made public on September 28, offers sufficient justification for taking the attitude that "the serious situation which has arisen as the result of the unilateral imposition by the Government of the U.S.S.R. of restrictions on transportation and communications between the Western Zones of occupation in Germany and Berlin", as it was described in the original complaint lodged with the Secretary General last year, still exists to a considerable extent.

4. It is our tentative opinion that from the point of view of East-West relations there is little to choose between the two courses being canvassed. The decisive consideration would seem to be that the removal of the Berlin item from the Agenda would have a bad psychological effect on the people of Berlin and very little mollifying effect on the Soviet delegations in New York.

5. On balance therefore, we would favour the retention of the Berlin item on the Security Council Agenda.

6. Before informing the United Kingdom authorities of our attitude, I should be grateful for your comments on the tentative opinion expressed above.

I have, etc.

ESCOTT REID
for Secretary of State for External Affairs

444.

DEA/7-CA-19(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État par intérim aux Affaires extérieures*

*Permanent Delegate to United Nations
to Acting Secretary of State for External Affairs*

DESPATCH 419

New York, October 21, 1949

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 861 of 7 October concerning the Berlin question on the Security Council agenda.

2. It would seem to me that no useful purpose would be achieved by removing the Berlin question from the agenda of the Security Council at this time. Such initiative by the Western Powers would not do much, if anything, to improve East-West relations or the atmosphere of this session of the General Assembly. As I am unable to see any other reason why we should, at this time, decide to take such action, I would think that it would be advisable not to do so.

3. There would appear to be sufficient justification for keeping the Security Council seized of this matter, as you have pointed out in your despatch, in view of the current situation in Berlin arising from the uncooperative attitude of the Soviet authorities. Though removing the item from the Council's agenda would not prevent the three Western Powers referring to the United Nations any fresh restrictions which may be imposed by the Soviet Government, it is, I think, tactically better to keep the Security Council seized of this matter now by taking no action to remove the item from the agenda, than to have to refer this subject afresh to the Security Council at a later time. The latter course might heighten tension undesirably throughout the world, and the Western Powers would have to explain their case in some detail before the Security Council decided to become seized of the subject once again. In other words, there is greater flexibility to be gained in taking no action on this matter.

4. The mere fact that the Council is still seized of the Berlin question may exercise a certain degree of restraint on the actions of the Soviet authorities. More important is the almost certain bad psychological effect which the removal of the Berlin question from the agenda of the Council would have on the people in the western zones of Berlin. Particularly at this stage in the political development of Germany, it would seem wise to avoid this. Inhabitants of western Berlin would, I think, interpret any such Security Council action as meaning that the Western Powers were satisfied that the Soviet Government had abandoned its plans to control the whole of Berlin and was at present cooperating fully there with the Western Powers. This, of course, is not true and I should think that the inhabitants of the western zones of Berlin are probably the first to realize this.

5. Finally, I would think that action taken at this time to remove the Berlin question from the Council agenda would be interpreted by the public as meaning that

the Berlin question had been fully settled and that all the necessary administrative measures had already been taken by the four Powers concerned to return the city of Berlin to agreed normalcy. This is not so. The recent breakdown of the Four Power Talks in Berlin on 28 September was made public. Thus the public might be confused if the Western Powers chose this particular time to remove the Berlin question from the Council's agenda.

6. This matter has been discussed with the United States and United Kingdom delegations recently. The United States had felt under some obligation to remove the Berlin item from the Council's agenda at some stage, if things there went well. However, the United States has recently reconsidered their view, and decided, in conjunction with the French and United Kingdom Governments, not to raise at this time the question of dropping the Berlin item from the Council's agenda.

7. The present course is to let sleeping dogs lie.

I have, etc.

A.G.L. MCNAUGHTON

CHAPITRE VI/CHAPTER VI
ÉNERGIE ATOMIQUE
ATOMIC ENERGY

PREMIÈRE PARTIE/PART I

COMMISSION DE L'ÉNERGIE ATOMIQUE ET L'ASSEMBLÉE
GÉNÉRALE DES NATIONS UNIES
ATOMIC ENERGY COMMISSION AND GENERAL ASSEMBLY OF
UNITED NATIONS

445.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 152

New York, February 10, 1949

CONFIDENTIAL

Atomic Energy.

On the morning of Tuesday, 8th February, I had a private and informal talk with the United Kingdom delegation on plans for a meeting of the Atomic Energy Commission as well as for the Six-Power talks. Shone,¹ Lawford,² Falla³ and Cole⁴ were present on the United Kingdom side. Ignatieff and Starnes were with me. It appeared that the United Kingdom delegation are still trying to clarify the views of the various delegations here before requesting specific instructions from London. They stressed that they wish to regard the question of the meeting of the Atomic Energy Commission and its programme of work in the context of the over-all position which now exists between the Western Powers and the Soviet Union. Their thought is to maintain the unity of approach on the part of the Western Powers

¹ Sir Terence Shone, Adjoint au représentant permanent du Royaume-Uni aux Nations Unies; représentant alternatif à la Commission de l'énergie atomique et à la Commission des armes conventionnelles.

Sir Terence Shone, Deputy to Permanent Representative of United Kingdom at the United Nations; Alternate Representative to the Atomic Energy Commission and the Commission for Conventional Armaments.

² V.G. Lawford, représentant alternatif du Royaume-Uni à la Commission des armes conventionnelles. V.G. Lawford, Alternate Representative of United Kingdom to Commission for Conventional Armaments.

³ P.S. Falla, délégation du Royaume-Uni aux Nations Unies. P.S. Falla, Delegation of United Kingdom to United Nations.

⁴ David L. Cole, conseiller, délégation du Royaume-Uni aux Nations Unies. David L. Cole, Adviser, Delegation of United Kingdom to United Nations.

which, in their opinion, might be impaired if debates took place before views had been inter-changed and correlated between the Western Powers.

2. For my part, I indicated that I was indeed glad to have an opportunity of inter-changing views and fully appreciated the importance of maintaining unity among the Western Powers. I took the occasion to point out that the Assembly resolution required that the Commission should meet and that, at the next Assembly, we would be in a most unfortunate position if we had not used our best endeavours to carry out what was clearly the intent of the great majority of the members of the United Nations. I pointed out that we were only required to undertake work which we deem to be "practicable" and "useful" and, in this connection, I said that I thought that at this time it would be useful and practicable to undertake a consolidation and clarification of the majority proposals contained in the three reports of the Atomic Energy Commission. I said that I thought some "principles" as devised by Derosé might well evolve from this process of clarification (see my savingsgram No. 1 of 28th January, 1949).† Further, as the Soviet delegates had repeatedly raised the possibilities of approaching closer to agreement with the majority view in the consideration of the question of quotas, I thought it was essential that we should not deny the Soviet representative an opportunity to explain fully what they had in mind. I said that I fully shared the views expressed by Derosé that it would not be useful to proceed with the consideration of "staffing or organization" at this time. I emphasized that we were anxious to have further private meetings to try to harmonize our views, but I did feel that the calling of the Atomic Energy Commission should not be unduly delayed.

446.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 169

Ottawa, February 16, 1949

SECRET

Atomic Energy Commission.

1. We have been considering the plan of work for the Commission's forthcoming sessions outlined in your Savingsgram No. 1 of January 28.† I fully agree with your comments in your telegram No. 152 of February 10.

2. In these sessions of the Commission we must try to clear the ground for the six-power talks that will follow and I think this is the only justification for postponing the six-power talks, as the Assembly resolution of November 4 clearly implies that these talks should have priority and that the Commission as a whole should meet while the talks are proceeding. I suppose the Commission's first task will be the consolidation of its three previous reports, largely for the education of the new members of the Commission but also to provide an opportunity for the U.S.S.R. to make more specific proposals than they have been prepared to do in the past. I

should think it might also be useful, if you agree, for the Commission to make a well-documented comparison, point by point, of the area of agreement and disagreement between the Soviet proposals and the majority recommendations, in preparation for the six-power talks.

3. After rewriting the Commission's reports and documenting the area of disagreement, the Commission would logically turn to a discussion of its future agenda under the heading of items which it would be "practicable and useful" to discuss. Again, I think the choice should be made from items which might give the six-power talks as clear a start as possible. In view of the definite conclusions of the third report, I doubt the usefulness of any further discussion in the Commission on the organization of an international control agency. To break new ground, there are a number of important questions mentioned at the end of the second report which have hardly been touched and could be developed by the Commission. I would hope that the U.S. delegate would be prepared to state his position not only on "quotas" but also on "stages" and possibly "strategic locations". I agree with the point made by de Rose as reported in your Savingsgram No. 1, paragraph 3.⁵ If you agree that a discussion of "stages" would help the western position in the eyes of the world, and test the sincerity of the Soviet delegate to say what sort of international control he thinks should be brought into effect with the signing of a convention prohibiting atomic weapons, you might suggest it to Osborn.

4. As you know from Mr. Heeney's letter of January 10,[†] asking for your comments on a draft letter to our Chiefs of Staff Committee, we attach great importance to the six-power talks and are reviewing our whole position in regard to the international control of atomic energy. We may reach no fresh conclusion but in the meantime we do not want to prejudice our position in the talks by categorical statements of principle in the Commission. I agree with your view that the Commission should if possible confine its discussions to specific proposals in the hope that the six-power talks may later be able to bridge the gap of principle.

5. The Soviet Union will undoubtedly take every opportunity we give them to use a negative attitude on the part of the Western Powers in the Commission as an important argument in their current "peace offensive". As discussion in the Assembly at Paris showed, our stand has been misrepresented not only by the Soviet Union but by others who should have known better. The U.S.S.R. draft Resolution

⁵ Le 3^e paragraphe se lit comme suit:

Paragraphe 3 reads as follows:

De Rose was of the opinion that for tactical reasons it would be a mistake to continue discussion of the organization of an international control agency after it had been so clearly stated in the Commission's Third Report that this matter could only [be] studied in light of agreement on a plan of control. He argued that the only subjects that could be usefully discussed at the Commission at this stage were clearly political in character. While aware of the difficulties which could arise from discussion of political matters, nevertheless de Rose thought that two particularly important matters should be discussed: (a) the question of the quotas of material and installations to be assigned under the treaty to signatory states; (b) the various stages at which the control arrangements called for under an international treaty would be put into operation. De Rose thought the initiative to develop the discussion of quotas should be left to the U.S.S.R. on the grounds that this was one of the matters which the Soviet Government's representatives had indicated on a number of occasions that they were prepared to discuss.

submitted to the Security Council on February 8 is a reiteration of their propaganda theme. There is no reason why we must be put in the defensive position of seeming to be opposed to reaching any form of agreement with the Russians that will provide for genuine international security. As you pointed out in your telegram No. 153 of February 9,† atomic weapons cannot simply be prohibited; they must be controlled for peaceful uses according to an agreed plan which only the Soviet Union and her satellites refuse to accept. We must be able to fence with olive branches as well as they.

6. In the sessions of the Commission, you will, I know, continue your moderate and patient approach that will give the Soviet delegate no propaganda openings, that will intimate to the other members that we regard agreement as still a possibility, and that we are leaving no stone unturned to reach it.

7. During the past three years you have played a distinguished part in the Commission's discussions which have for the most part been technical. I feel that the work of the Commission has now reached the stage when we should be thinking at least as much about the propaganda effect of our proposals as of the technical aspects. When the six-power talks begin, I should like the Western Powers to take the offensive by holding up to the world not only the possible price of failure but the enormous potentialities in all fields of human welfare for all peoples if the Soviet Union had not stood in the way of successful international control. We could show in concrete terms what atomic energy could reasonably be expected to do for the peoples of the world toward raising their standards of living. This carrot might be more effective in overcoming Soviet resistance to our scheme of control than the stick which we have been using. You might see what your colleagues from the Western Powers think of such an approach and of developing it during the six-power talks if the ground has been suitably prepared at the sessions of the Commission during the next few weeks.

8. I should be glad to have your comments.

447.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 224

New York, March 1, 1949

SECRET

Reference your teletype No. 169 of 16th February 1949. Atomic Energy Commission.

I have been considering your very useful views on the plan of work of the Atomic Energy Commission and should like to submit the following preliminary comments in accordance with your request in paragraph 8.

2. We appear to be of the same mind as to the Commission's first task and you will have noted from my report on the first of the resumed meetings of the Commission, contained in teletype No. 190 of 19th February,† that in fact our idea as to the preparatory work of consolidating the Commission's previous reports and of preparing a well-documented comparison between the Soviet and majority proposals, together with an index to all existing United Nations atomic energy documents, has been put in train through the Secretariat being asked to prepare preliminary working papers. The first drafts of these papers have now been sent to you for your consideration.

3. I have likewise agreed with the view contained in your companion teletype No. 170 of 16th February,† that the Soviet proposals on "simultaneous" prohibition and control conventions should be further examined in the Commission, despite their previous rejection. I have spoken in this sense at the second of the resumed series on Atomic Energy Commission meetings reported in my teletype No. 217 of 26th February.†

4. As to the choice of subjects for discussion on the future agenda of the Commission, the present situation is that the Western Powers have so far been unable in their private consultations to come to a definite agreement as to what should be done in accordance with the Assembly resolution of 4th November as to what it would be "practicable and useful" to discuss. The difficulties which have been encountered are not, of course, so much a question of the selection of topics, but of agreement as to the principal objectives of the present stage of the Commission's work and their relation to the Six-Power consultations which are to take place this year. It is with an appreciation of these difficulties that I have stressed the necessity of a consolidation and clarification of the Commission's majority and minority reports as a step which must be regarded as preliminary to evolving a programme of future work, and particularly of reaching agreement as to the objectives which should be sought in the Six-Power talks.

5. In paragraph 4 of your teletype No. 169, you suggest that discussion in the Commission should be confined to specific proposals "in the hope that the Six-Power talks may later be able to *bridge* the gap of principle". My opinion, which is certainly shared by the representatives of France, China, the United Kingdom, the United States and Norway, is that the basic approach to the problem of the international control of atomic energy of the Soviet Union as compared with that of the majority is not capable of being bridged in principle. On the one hand, we have a system which starts from the inescapable technical fact that there is no difference in fissionable materials for war or for peaceful use, and which therefore prescribes that the "dangerous" activities in atomic energy should be taken out of national and placed under effective international control. On the other hand, the Soviet proposes a scheme based upon national operation of all atomic facilities, subject only to "periodic" or "special" international inspection and to international agreement not to use atomic energy for war. Between these two basic positions it is not in my opinion possible to find a basis of compromise.

6. Moreover, it is evident that the Soviet objective at the present time remains to disarm the United States of the atomic weapon and thus decrease the potential

industrial and technological superiority of the western nations and proportionately to increase the effectiveness in war of the Soviet armed masses. In pursuit of this objective, the Soviet Union is trying to merge the problems of atomic energy control with those of disarmament generally and also to place the onus of the responsibility for failure in reaching agreement on atomic energy control upon the United States, on the grounds that the majority proposals for the control of atomic energy were put forward in *bad* faith and with the expectation of their being rejected by the Soviet Union.

7. In the present circumstances, it seems to me that it is important to carry to our public a real knowledge of the situation and, to this end, it is necessary that the Western Powers should concentrate upon restating and clarifying their position, especially in regard to their proposals for control to show conclusively that they represent means through which it will be possible to share atomic energy development among all nations while safeguarding nations effectively against secret preparations for atomic war.

8. In consequence, in my opinion, the discussions in the Atomic Energy Commission, conducted in the open, after appropriate preparation with our friends, should be mainly directed to (a) clarifying and restating the majority position, and (b) examining and revealing the defects in the alternative scheme which the Soviet Union is advocating. In this approach I do not think it would be useful, at this time, to take up such questions as stages and strategic locations. To discuss the stages of transition from national to international control is to discuss the timing of the process whereby the United States is divested of its atomic secrets and the Soviet Union is penetrated by international inspectors. No progress is likely to be made towards agreement on these difficult and contentious questions in the absence of acceptance by the Soviet of the fundamental features of the controls which would make it safe for the United States to relinquish its present monopoly.

9. I do not think that discussion of "stages" at this time would have the effect of testing the sincerity of the Soviet. On the contrary, it would put the Soviet at a decided advantage from a propaganda standpoint as they would be able to argue, as they have argued, that *no* stages are required but that all atomic energy activities should be subject to controls established "simultaneously" with the ratification and coming into effect of international agreements for prohibition and control. Stages, and also arrangements about strategic locations, have been assumed all along by the United States to be regarded as a test of the good faith and goodwill of all nations participating in an international agreement. The Soviet Union no doubt would continue to assure in advance that their faith could be so counted upon that "stages" were unnecessary and to argue that United States insistence on "stages" was merely a device to prolong its monopoly.

10. Further private consultations are planned between delegations and will probably be held on the initiative of the United Kingdom delegation which assumed the chairmanship of the Commission today, 1st March. The Secretariat draft papers, referred to in paragraph 2, will also be discussed in these private meetings preliminary to their consideration in one of the Commission committees. In the Commission itself it seems probable that discussion will continue on the Soviet proposals. It

seems to me that the first point to establish is whether this latest proposal envisages any acceptance of those elements of control endorsed by the General Assembly in Paris.

448.

DEA/50054-40

Note au secrétaire d'État aux Affaires extérieures
Memorandum to Secretary of State for External Affairs

[Ottawa], March 16, 1949

ATOMIC ENERGY COMMISSION

The Atomic Energy Commission met on March 15, after two postponements because of the illness of the U.S.S.R. representative, Jacob Malik. As this was the first meeting of the Commission since the replacement of Molotov by Vishinsky, we were interested to see whether the Russians would in any way modify their stand. They did not. Malik's statement made it clear that we cannot expect the U.S.S.R. to budge from the position they have taken on the international control of atomic energy.

Malik then went on to attack General McNaughton for the "hostile attitude" he showed to the Soviet proposals when he spoke about them at the Commission's meeting on February 25. "The Canadian delegate discounted in advance," Malik said, "any possibility of reaching agreement on this important problem."

What General McNaughton had actually said, after reminding the Commission that the General Assembly had overwhelmingly defeated a similar Soviet proposal in Paris, was that he would nevertheless "be happy to see this U.S.S.R. proposal referred to one of our committees for more detailed examination, so that we may again have the opportunity of marshalling the arguments which have been adduced against it and make it clear to the nations of the world." (The complete text of General McNaughton's statement on the Soviet proposals is attached.†)

449.

DEA/201-B(s)

Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures
Permanent Delegate to United Nations
to Secretary of State for External Affairs

TELEGRAM 326

New York, March 19, 1949

CONFIDENTIAL

Atomic Energy Commission.

1. You will have noted from paragraph 3 of our teletype No. 312 of 18th March,† the opinion (which I share) expressed by de Rose (France) that the main arguments made by Malik (U.S.S.R.) at the last meeting of the Atomic Energy Commission should, from the point of view of public opinion, be answered, and in the Commis-

sion itself. I am proposing, therefore, when the Commission next meets 22nd March, to take the opportunity to refute the main arguments advanced by Malik in the following sense:

(a) To demonstrate the inconsistency of his argument, which ran through his whole statement, that the United States, in putting forward its proposals for the international control of atomic energy, had done so in the knowledge and hope that they would be rejected, and the argument that the United States was at the same time attempting to establish a super-national monopolistic control over atomic energy.

(b) To show the fallacy of the Soviet representative's contention that his proposals which are now before the Commission have been submitted by his Government in order to meet the views of a majority of the members of the General Assembly. In fact, this is the fourth time in five months that these self-same proposals have been placed before various bodies in the United Nations and on all previous occasions have been rejected decisively.

(c) To compare the proposals advanced by the majority, which have been developed in the course of detailed examination over a period of three years, with the proposals of the Soviet representative for conventions on prohibition and control, which are a mere repetition without change in the proposals first advanced by the Soviet Union in June 1946 and 1947, respectively.

(d) To show, contrary to the Soviet representative's contention, that my proposal to refer his draft resolution to the Working Committee was made for the very purpose of determining if there is any substance to the Soviet Government's proposal, and not for some ulterior motive as he suggested. At the same time, I propose to repeat the suggestion again.⁶

450.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 277

Ottawa, March 22, 1949

CONFIDENTIAL

Atomic Energy Commission.

1. The arguments which you indicate in your telegram No. 326 you propose to use today when replying to Malik's charges are very similar to those which we had discussed here. Our chief regret, and I think we should say so before the Commission, is that Malik's statement gave us no encouragement whatsoever for hoping

⁶ Une dépêche subséquente (no. 119 du 23 mars 1949) indique l'occasion de présenter cette déclaration n'a pas eu lieu.

A later despatch (No. 119 of March 23, 1949) indicates that an opportunity did not present itself to make this statement.

that the U.S.S.R. might be prepared to put forward fresh proposals rather than repeating in more extreme language the old worn-out arguments which have been rejected by the great majority of the United Nations.

2. Malik's particular charge against you, that you were prejudging his proposals and condemning them before they were discussed, should be countered by repeating that the Soviet resolution introduced to the Commission on February 25 contains nothing new and that Malik's statement in support of it on March 15 did not add to the statements made by the Soviet representative since June 1947. In addition to the points mentioned in your telegram No. 326, I think, if you agree, that you should ask Malik how he proposes to define the rights of the International Commission or Authority in relation to "special" inspection on suspicion. Surely one of the most vulnerable points in the armour of the Soviet argument is that they are prepared to accept international inspection only "periodically" or "in cases where suspicions of violations" are reported by governments or by the International Control Commission. The answers given by the Soviet representative in his letter of September 5, 1947, to the United Kingdom representative and the further statement of the Soviet representative on April 5, 1948, together with Malik's statement last week, leave so many questions unanswered that it should not be difficult to show that we have not been acting in bad faith in proposing international control.

3. I do not think we should be made to appear reluctant to debate the substance of the Soviet proposals formally in the Commission itself, nor should we, on the other hand, allow the Soviet representative to delay the reference of his resolution to the Working Committee, as you proposed.

4. I know your views on "stages", but after Malik's gross misrepresentation of U.S. intentions, I wonder if you might not encourage General Osborn to refute the Soviet charges of U.S. delaying tactics even though this will mean that the United States will have to indicate in more precise terms than heretofore what they mean by stages. To the uninitiated, it seems to me, one of the most serious Soviet charges is that the majority proposals in their present form could mean that the United States would give up nothing during the first stage while demanding control and inspection rights within the Soviet Union and that this first stage could be prolonged indefinitely. In any case, there will be no need for you to mention stages in your statement today and I leave it to your discretion as to whether you should make any suggestions to General Osborn.

451.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

DESPATCH 146

New York, April 4, 1949

SECRET

Sir,

1. I should like to report further on one or two matters which were discussed at the private and informal meeting held on 2 April between the representatives of Canada, China, France, the United Kingdom and the United States, the main points of which were reported to you in my teletype No. 391 of 2 April.†

2. In the discussion which led to agreement that the representatives of the United States and France would, during the next three or four weeks, draft a few simple and essential principles to be used as the basis for the six-power consultations, de Rose again stressed the importance, from the point of view of informing the public, of approaching the problem from a new angle. De Rose argued it was essential that the six-power talks should be devoted to an attempt to reach agreement from a different angle, and in such a way that if agreement were not reached, the reasons for this could be clearly explained to the public and to the General Assembly. He suggested that the proposal he originally made in January 1949 of reducing the majority proposals to a few simple and essential principles was the best method to achieve this end. In his opinion if, as it was expected, the six-power talks are not able to break the present impasse, the account of those negotiations should be so clear that the General Assembly could have no alternative but to approve the manner in which the discussions were conducted and to recommend suspension of the Commission. The substance of the debates on atomic energy in the next regular session of the General Assembly, de Rose contended, should be not on the merits of the majority proposals, which have already received the approval of the General Assembly, but should be on the merits of the efforts of the majority to reach agreement with the Soviet Union during 1949.

3. In discussing de Rose's proposals a number of interesting comments were made by the representatives of the United States and the United Kingdom in relation to the question of ownership. The United Kingdom representative said that his Government had been giving consideration to the idea of making a concession to the Soviet Union in the six-power talks. They had in mind making concessions on the question of "ownership". It would be the thought of the United Kingdom Government in making such a concession that it would only be put forward in the belief that it would be denied by the U.S.S.R. and that the Soviet Government's refusal would then be a valuable weapon to use in the atomic energy debates at the next regular session of the General Assembly. De Rose was of the opinion it would be unfortunate to attempt to approach the question of ownership directly. He thought

"ownership" could be developed into one of the principles which he proposed should form the basis of discussion in the six-power talks. De Rose pointed out that management normally was considered an attribute of ownership. It would be possible therefore, he contended, to raise the question of ownership in the six-power talks developing the idea into a simple principle. Although there was general agreement with de Rose's opinion there seemed to be little support for the United Kingdom suggestion.

4. The United States representative said his Government, and in particular the Secretary of State, Mr. Acheson, with whom he had recently discussed this question, felt very strongly that no concessions should be made at this time. For tactical reasons the United States Government considers it would be unwise to give the appearance of making any concessions to the U.S.S.R. at this time. The United States representative said that at a recent meeting which had been held in New York of the various United States Government advisers on atomic energy, at which were present Oppenheimer, Tolman, Conant, Groves, Farrell, Nichols and Arneson, there was general agreement that a continuation of negotiations in the Atomic Energy Commission in the present circumstances was not only dangerous but dishonest. They were of one mind that the Soviet Union was actively engaged in making war against the countries of the free world, and this therefore was not a time for concessions.

5. Quite apart, however, from political considerations, Osborn pointed out that there were certain new technical developments which changed the situation. The stockpiles of nuclear fuel had in 1946 been relatively small. Today however these stockpiles were very large and could not be easily disposed of. The practical problem of disposing of large quantities of nuclear fuel made the position of the United States on the question of international control different from what it was two years ago. The United States Government, therefore, would prefer to suspend the activities of the Commission until the Soviet Government give some convincing evidence of wishing to reach genuine agreement. If and when that were to take place, it would be the intention to begin negotiations afresh. This is not to say Osborn said that they would not take into account the work which has been done by the Acheson-Lilienthal Commission⁷ and by the United Nations Atomic Energy Commission, but any agreement would, they feel, in the circumstances have to be negotiated on a different basis. It is the view of the United States Government, Osborn said, that if we were to drop ownership now, or even to suggest that ownership might be dropped, it would enormously weaken their bargaining position. This did not mean, he added, that the United States at the proper time would not be prepared to work out the terms of a treaty which would take into account whatever reservations which some of the countries who would be party to that treaty might have in relation to ownership. It was, he explained, a matter of simply not wishing to have any further emphasis placed on the question at this time.

I have, etc.

A.G.L. MCNAUGHTON

⁷ Voir/See: Document 478.

452.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 685

New York, May 25, 1949

CONFIDENTIAL

The Atomic Energy Commission, at its 22nd meeting, Wednesday, 25th May, decided to refer the Soviet proposal for the conclusion and implementation of two draft conventions on prohibition of atomic weapons and for international control respectively to the Working Committee, together with the Assembly resolution of 4th November, for further detailed study.

2. The referral of the Soviet proposal was agreed upon without objection but both Malik and Tarasenko objected to the transmitting of the Assembly's resolution of 4th November to the Working Committee as the Soviets had opposed that resolution in the Assembly.

3. At the outset of the meeting Malik made a statement along familiar lines quoting liberally from Blackett, charging the majority of the Commission with delaying tactics mainly aimed at preventing the prohibition of atomic weapons. Tarasenko also made a statement in which he tried to explain away the misrepresentations of my remarks at Mount Holyoke College which he had made at a previous meeting of the Commission and to which I had taken objection. In the circumstances, in view of these two statements, I made a brief intervention, the text of which is contained in my immediately following message en clair.†

4. I also give the text of Malik's comment on my statement made with the evident intention, as always, of getting in the last word.

453.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 498

Ottawa, May 31, 1949

CONFIDENTIAL

Your telegrams 685 and 686.†

I think your remarks to the Atomic Energy Commission were very well taken. Although, as you say, Malik managed to have the last word, his remarks were less offensive than usual. His statement fits the current Soviet mood of conciliation which may even be carried into the Six Powers Talks.

Unfortunately the United Nations' press release AC/201† reported you as saying that the Canadian Delegation would give *more* careful consideration to Soviet proposals, rather than *most* careful consideration, as reported in your telegram No. 686, and this misquotation has been reflected in a number of press releases.

Early next week I shall let you have my comments on the French and United States drafts for the Six Powers Talks forwarded under cover of your despatch No. 208 of May 24.† My preliminary reaction is, like yours, to favour the more moderate tone of the joint United States-French draft, although it appears somewhat loose in form and wording, perhaps intentionally.

454.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 501

Ottawa, June 3, 1949

SECRET

Your telegram No. 701 of June 2.†

1. As I stated in my telegram No. 498 of May 31, I prefer the DeRose-Osborn joint draft but have a number of comments to make on both the U.S. and the joint drafts. We had begun work on our own version of the joint draft but as you say it has been considerably revised and is to be discussed at a meeting this afternoon, I thought you would prefer to have my comments now.

2. Speaking generally, I am not yet convinced that we should subscribe to the U.S. Government's opinion, as reported in your telegram No. 565 of May 4,† that the primary objective of the Six Power Talks would be to prove the futility of continuing the work of the United Nations Atomic Energy Commission. No doubt I shall be convinced by the course of the discussions during the Six Power Talks, and I fully expect, as you do, that they will fail; but there is still widespread hope throughout the world that they will not, as was demonstrated last November in Paris by the unwillingness of the smaller nations to allow the Atomic Energy Commission to be discontinued. The UN Assembly wanted the six sponsoring powers to make a genuine effort to start again from, so far as possible, a fresh point of view in our efforts to reach agreement on the international control of atomic energy. I therefore welcome DeRose's initiative in proposing that the discussions should be on "principles" rather than on the technical level, although we must obviously base our principles squarely on the technical conclusions reached after so much study and discussion in the Commission. For this reason the use of language taken from the Commission's three reports to express the principles which are to form a basis of discussion seems to me wise, as it keeps our principles closely tethered to facts, but I do not think we need invariably stick to the literal text of the Commission's reports where an alternative wording would be clearer or smoother.

3. Osborn's draft seems to be rather too obvious an attempt to force the Soviet Union from the outset of the Six Power Talks into a purely negative position. From the propaganda point of view alone, I think this attempt might well backfire.

4. If our statement of principles is to carry conviction, it must be an eminently reasonable expression in the clearest language, shorn of all technicalities and references to the text of the Commission's previous reports, of the minimum requirements we regard as essential for the international control of atomic energy. The references which appear throughout the text in both the U.S. and joint drafts are useful while we are discussing the paper among ourselves, but should, I think, be deleted before our statement of principles is presented to the public.

5. I am not quite sure whether it is desirable to omit from the joint draft the most contentious questions—such as ownership, locations, quotas and stages. These questions would have to be worked out during any subsequent discussion of a treaty. It might conceivably accord with current Soviet tactics for them to agree to our principles only to return to their former intransigence when discussing the working of a possible draft treaty, having reaped most of the credit for an agreement on principles which would be bound to break down during treaty negotiations. For example, the Soviet Government could accept the first principle of the joint draft as it stands without having the least intention of accepting what they know perfectly well to be our definition of inspection. I think we must make clear in the draft what we mean by inspection to test the true intentions of the Soviet Government. Even in its present form, I think the chances of the joint draft being acceptable to the Soviet Union are remote. The more reasonable a document they have to refuse, the greater our propaganda victory.

6. I would be prepared to approve the joint draft in its present form, in spite of these weaknesses, if that is the wish of the French, U.S. and U.K. delegations, and I hope you will express our thanks to DeRose and Osborn for the excellent work already done.

455.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 732

New York, June 10, 1949

CONFIDENTIAL

Atomic Energy.

1. Yesterday following the 48th meeting of the Working Committee the delegations of Canada, China, France, the United Kingdom and the United States had an opportunity to discuss informally the future work of the Working Committee and the arrangements concerning the Six-Power consultations.

2. From the account of the 48th meeting of the Working Committee contained in United Nations press release No. AC/206 of 9th June,† and from the copy of the verbatim record† which I am sending you by diplomatic bag, you will see that the Committee is continuing discussion of Items 3 and 4 on the agenda (the Soviet proposal and the Assembly resolution of November 4th, 1948) and that no vote was taken at yesterday's meeting on the draft resolution submitted by the representative of China on the Soviet proposal (document AEC/C.1/82).† It was agreed that before coming to a decision on the draft resolution submitted by the representative of China the Committee would hear the statement which the representative of Ukrainian S.S.R. wishes to make at the next meeting of the Committee, which is scheduled to meet at 10.30 a.m., 15th June. During the course of the discussion the representative of Cuba made the suggestion that as the Working Committee appeared to have exhausted any further useful discussion, it might be well if the Committee were to adopt a resolution suspending its work until the six sponsoring Powers had consulted to determine if there exists a basis for agreement. The Cuban representative's suggestion commended itself to the five delegations and it was agreed that the United States representative might encourage the Cuban representative to present a resolution along the lines which he had indicated. It would be the intention, therefore, after hearing whatever further comments the representative of the Ukrainian S.S.R. may have to make on Item 3 of the agenda to put the Chinese draft resolution to a vote and after that to consider the suggestion that the Working Committee should suspend its work until the six sponsoring Powers have met. If the suggestion to suspend the work of the Working Committee was agreed to, presumably this and any other matters on which the Working Committee has reached a decision would then be reported to the Atomic Energy Commission.

3. Concerning the arrangements which the five delegations suggested might govern the Six-Power consultations reported to you in my despatch No. 231 of 4th June,† the United States representative advised us that the State Department had made two preliminary comments. The first comment related to the manner in which the meeting of the sponsoring Powers might be convened. The State Department have suggested that rather than having one or more members of the majority of the sponsoring Powers invite a meeting of the six sponsoring Powers, it might be more appropriate to have this done by the Secretary-General. It was suggested that the Secretary-General might be asked to circulate a letter to the six sponsoring Powers referring to his previous letter of 9th January, 1949.† As to the suggestion that the statement of principles might be presented at the opening meeting of the sponsoring Powers, some members of the State Department have expressed the view that such procedure would be interpreted by the Soviet Union as facing them with a "diktat" and would be so represented by their propaganda. As an alternative they have suggested that the opening meetings might be given over to a preliminary discussion of certain main topics such as stages, quotas and ownership, and that the statement of principles would only be presented to the Soviet Union after some of these principal issues of disagreement had been discussed between the majority and minority.

4. The representative of France reported that he had received indications from the representative of Norway that the Norwegians have been unwilling to intervene in

the discussions since they had become members of the Atomic Energy Commission because they were uncertain as to the course which the five sponsoring Powers proposed to follow in these consultations with the Soviet Union. The Norwegian representative indicated that he had been unable to take any active part in the discussion as he did not know what would be the basis of their consultations. For this reason De Rose suggested it might be wise to inform the representatives of Cuba, Egypt and Norway, without going into detail, of the approach which the five sponsoring Powers propose to make to the Soviet Union in the Six-Power talks. It was decided to hold a meeting of all the members of the Atomic Energy Commission except the Ukrainian S.S.R. and the U.S.S.R. to discuss the future work of the Working Committee next Tuesday. It was agreed therefore that this meeting would provide an appropriate opportunity to give an indication of our intentions to these delegations. It was also agreed that it might be appropriate to explain to them the difficulties of holding the Six-Power consultations before early July owing to the meetings of the Council of Foreign Ministers. It was also agreed that this information should be made only to these delegations orally.

456.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent par intérim aux Nations Unies*

*Secretary of State for External Affairs
to Acting Permanent Delegate to United Nations*

TELEGRAM 543

Ottawa, July 1, 1949

SECRET

Your telegrams Nos. 771,† 772,† and 773† of June 24, and No. 784† of June 29: Atomic Energy Six Power Talks.

1. Date of next AEC meeting. From your telegram No. 772 I infer that it has been decided that the AEC should meet on July 7. This would be a suitable date for General McNaughton who suggests a preliminary informal meeting of the five delegations on the afternoon of July 6. A meeting on July 5 would be possible for General McNaughton but would make it necessary for him to drive through holiday traffic.

2. U.S. draft resolution. We are not entirely in agreement with the wording of Osborn's draft. a) The number of times the Commission has met this year might be omitted as the total is not impressive. (b) If ownership must be mentioned, it might be better to do so indirectly as was done in paragraph 6(a) of the statement of principles forwarded under cover of your despatch No. 231 of June 4. (c) Perhaps the statement that the differences among members of the Commission are "irreconcilable at the Commission level" should come as a conclusion of the resolution. (d) The resolution should, we think, be self-contained and self-explanatory. The reference to the third report of the Commission might therefore be deleted, as also the emphasis placed upon the unfinished sections of the Commission's plan of work by using the word "particularly".

3. We have given very serious consideration to Osborn's suggestion of joint sponsorship. Apart from our reservations as to the wording of the resolution in its present form, I think it might be more appropriate if (a) the Commission passed a resolution simply combining the resolutions of the Working Committee meeting of June 15 and (b) the resolution were either introduced by one delegation or by all five of the Western delegations jointly. I am afraid that the resolution in the terms of Osborn's draft might produce another unfavourable statement from the Norwegian delegate and possibly from others who were somewhat reluctant to approve the Chinese resolution in the Working Committee.

4. Procedure for Six Powers Talks. I am in general agreement with the procedure Osborn suggested for the Secretary General to issue invitations to a meeting of the six sponsoring powers to be held as soon as possible after July 15. Although this matter might conveniently be discussed at the informal meeting on July 6, I think each of the 5 delegations should write separately to the Secretary General referring to his letter of January 9, 1949, and indicating that we think the time has come for a meeting to be called, in view of the decision of the Working Committee on June 15.

5. Statement of Principles. The suggestions put forward by Shone and de Rose are, I think, useful. In detail I have the following comments, referring to paragraphs on statement of principles.

(a) I agree with both Shone's and de Rose's amendments of paragraph 5a;

(b) We have no objection to deletion of second sentence in paragraph 6a, provided the United States delegate agrees with our view that the first sentence is comprehensive. However, United States cannot be pressed too far in eliminating the concept of ownership from our essential principles.

(c) We agree with de Rose's suggestion to use "should" throughout the paper.

(d) We would be reluctant to see the heading of section D changed by deleting references to Commission's studies. Although I am in favour of emphasizing the "new approach" as far as we can, we must not forget the United States delegation will have to justify its stand largely on the basis of there being no essential changes in their position as recorded in the Commission's reports. If this can be implied in our draft of principles we shall be able to give greater emphasis to the "new approach" in the discussion without disquieting American opinion.

(e) Similarly, I would prefer to leave the word "national" in paragraph 4a but I agree that "*this* international system" is an improvement.

(f) We should rather omit from paragraph 4b only the words "parties to the treaty".

(g) We agree to omit the words "to be held in trust" from the title of section 6.

(h) In view of our position as a uranium source, we regard the retention of paragraph 6c as highly important and do not think it need give rise to detailed discussion in the Six Powers Talks which, we agree, would be inappropriate and confusing.

6. I am still uncertain as to whether the statement of principles should be introduced early or late in the course of the Six Powers talks. Probably we should wait to see how the first meeting of the six develops but I am at present inclined to

favour the use of the principles at an early stage, as suggested by Shone, as I fear we should be more open to the criticism of presenting a diktat if we used them only at a later stage and the Soviet delegate would have little time to comment on them or to put up an alternative draft.

7. The statement of principles would also serve, I believe, as a useful programme of work for the Six Powers talks which, without it, would be bound to start from the impasse reached in the Atomic Energy Commission. I think the other points in favour of using the statement of principles mentioned in my telegram No. 501 of June 3 remain valid.

457.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 821

New York, July 12, 1949

SECRET

Atomic Energy.

The private meeting mentioned in paragraph 8 of my teletype No. 808 of 7th July, † was held on 11th July in the offices of the United States Mission, between Austin, Osborn, Ross and Russell of the United States delegation, and Ignatieff, Starnes and myself.

2. I made it clear at the outset that our views did not represent any final position and that, in my opinion, the meeting afforded an opportunity for an informal exchange of ideas on the question of a meeting of the Atomic Energy Commission and the six power consultations. Austin and Osborn made it plain they were strongly in favour of a meeting of the Atomic Energy Commission being held before the six power consultations, with a view to adopting a resolution along the lines of the draft resolution referred to you under cover of my teletype No. 772 of 24th June. † It was not clear, however, whether the position taken by Austin and by Osborn was upon instructions from the State Department, although it was stated during the discussion that Acheson was interested in having some clear and unambiguous statement of the present position of the majority placed on the records of the Atomic Energy Commission.

3. I took the opportunity, without taking any final position, to put the following considerations before Austin concerning the draft resolution proposed by the United States delegation:

(1) Although the United States resolution represents a factual statement with which we could probably agree, it nonetheless proposes to give a judgement on the whole position of the USSR. This judgement, if given, would no doubt be used by the USSR to argue that the five delegations had entered into the six power consulta-

tions after pre-judging the whole situation. We would thus provide them with a ready excuse for failure.

(2) It is clear from the text of the General Assembly resolution of 4th November 1948 that the Atomic Energy Commission is called upon to "survey its program of work, and to proceed to the further study of such of the subjects remaining in the program of work as it considers to be practicable and useful". The six sponsoring powers, on the other hand, are requested "to meet together and consult in order to determine if there exists a basis for agreement on the international control of atomic energy...and to report to the General Assembly the results of their consultations not later than the next regular session". Since the Atomic Energy Commission was merely asked to review its program of work it is, therefore, doubtful if it would be either appropriate or useful for the Commission once more to pass judgement on the situation. The request made to the six sponsoring powers, however, certainly gives them an opportunity to pass judgement and to report their conclusions to the General Assembly.

(3) The introduction of a resolution into the Atomic Energy Commission along the lines proposed by the United States delegation might have the effect of causing the discussions to proceed in two forums at the same time, as it is unlikely that a substantive resolution of the kind proposed by the United States delegation could be voted without prolonged debate.

4. As a consequence of our discussion, the United States delegation said that they would wish to take another look at their proposal. Osborn is having discussions with members of the State Department including an interview with Acheson on the 11th and 12th of July. In this connection, as a possible alternative, the United States delegation suggested (assuming the USSR does not agree to the statement of principles) that the five delegations might agree to report to the General Assembly on the six power consultations along the lines of the draft resolution which the United States delegation had proposed for submission to the Atomic Energy Commission. The steps in this alternative course of action, envisaged by the United States delegation, is as follows:

(1) No further meetings of the Atomic Energy Commission should be held before the commencement of the six power consultations. (4th November resolution of General Assembly is authority for these consultations).

(2) That the six power consultations should be held as soon as practicable. If as is expected, the consultations result in failure, the United States would hope that the five delegations would agree to submit a concise report to the General Assembly at its 4th regular session, in the terms of the United States draft resolution.

(3) That the Atomic Energy Commission might meet early in September merely to endorse the conclusions of the Working Committee and to enable the Commission to submit its report.

5. The United States delegation consider it essential that before the six power consultations begin the discrepancies in the position of the United States and French and United Kingdom delegations on the question of "ownership" should be clarified. I expressed myself as in agreement with this position.

6. As to the means by which the six powers might be called into consultation, we put forward the suggestion contained in paragraph 4 of your teletype No. 543 of 1st July, that the five delegations should write separately to the Secretary General referring to his letter of 9th January 1949, indicating we think the time has come for a meeting of the six sponsoring powers. I hope to be able to submit a draft text of such a letter for your consideration after discussion with the other four delegations.

7. It is now arranged that the United Kingdom, Chinese, United States and ourselves will meet in the United States office, Wednesday, 13th July, when presumably Osborn will report on his Washington talks.

458.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 825

New York, July 13, 1949

SECRET

Atomic Energy.

The meeting referred to in paragraph 7 of my message No. 821 of July 12th was held this morning between the delegations of Canada, China, the United Kingdom and the United States.

2. Osborn gave an outline of his talks in Washington, quoting from what he described to be a memorandum of these talks prepared in Washington, including his interview of an hour and a half with the Secretary of State. Apparently Acheson gave as his opinion in these talks that the United States delegation should press for an early meeting of the Atomic Energy Commission in order to adopt a resolution along the lines proposed by Osborn. Osborn said that it was Acheson's view that the United States delegation should take this action in order to clarify the position of the Atomic Energy Commission before the consultations begin, even if some doubts existed as to the amount of support which the resolution might have in the Commission. It is evidently Acheson's view that it is important that the Commission should be on record with an explanation as to why it should not continue, in order that the Assembly should be so informed. In this way it is hoped that the Assembly may refrain from opening a general debate on atomic energy until the Six Powers have reported. Osborn said that he had put before Acheson the considerations stated in my teletype under reference in favour of concentrating at this time upon the meeting of the sponsoring Powers and postponing an attempt to reach conclusions in the Atomic Energy Commission until such time as the results of the consultations were known. I am bound to note that Osborn's account of my position as he quoted it in the memorandum did not fully agree with my recollection of our discussions here. In particular, he seemed to have ascribed to me a change of position following my return to New York which, as you know from our

talks in Ottawa, was not the case. On the contrary, my understanding of Osborn's intentions, when I left New York and as I described them to you in Ottawa, was to concentrate on the consultations and not (repeat not) bring the Atomic Energy Commission into the picture at this stage, save perhaps for the purely formal action of approving the work of the Working Committee. (In this connection, I would refer you to my teletype No. 747 of June 15th† and Ignatieff's teletype No. 771 of June 24th†).

3. Moreover, the views which I have expressed to Osborn have been substantially shared by Shone, as well as by the French. The Chinese representative has also, though perhaps less forcefully, shared my views. The other delegations were not consulted.

4. However, as it was evident that Osborn is now under instruction to press for a meeting of the Atomic Energy Commission at the earliest possible date (in fact, he suggests a meeting next Wednesday, July 20th), we proceeded to a discussion of amendments to his text, bearing in mind the views expressed in paragraph 2 of your teletype No. 543 of July 1st. Shone and Wei also had amendments to suggest. My immediately following teletype† contains the revised text of the United States draft resolution which Osborn proposes to put forward at the next meeting of the Atomic Energy Commission.

5. You will notice that the text, as amended, is a substantial improvement over the previous version to which our objections were stated in your teletype No. 543. It more closely follows the substance of the Chinese and joint Cuban-Argentine proposals adopted in the Working Committee, and could be regarded as an alternative draft resolution incorporating the substance of those resolutions. The present text is also more closely related to the General Assembly resolutions. I must confess that I am not entirely persuaded that the United States delegation, in pressing for a meeting of the Commission before the Six Power consultations in order to present this resolution, will not run into the kind of tactical disadvantages to which I referred in my teletype No. 821. However, assuming that a resolution of this sort is to be introduced, the text as amended does, I think, meet our objections, and I see at present no alternative but to indicate that if it is introduced, we will give it our general support. I have not (repeat not) been requested to associate myself with sponsorship of this proposal and I do not think that it would be appropriate for me to do so if I were asked.

6. I should be grateful if you could give me your comments as soon as possible and indicate whether I may support the United States draft resolution.

7. At the conclusion of the meeting there was a brief discussion about procedures concerning the consultations of the sponsoring Powers, particularly as to how these might be initiated through an approach to the Secretary General. In this connection I offered a draft of a text on the basis of your suggestion for preliminary consideration by the other three delegations. I will report further on this as soon as I have their reaction.

8. Further progress with regard to the preparations for the meeting of the sponsoring Powers now awaits the clarification of differences with the United Kingdom

and French delegations on the question of "ownership". De Rose is due back tomorrow, July 14th, and I expect conversations on this matter will then proceed.

9. As regards the matter of timing, it appears that the United States view now is that the consultations should not take place until the Commission has taken its decision. Provided that decision takes the form of their resolution, it appears that they will not press for an early conclusion of the consultations; in fact Osborn indicated that they might be prepared to have the consultations continue periodically to meet a view expressed by the French (see my teletype No. 827† giving the text of de la Tournelle's letter to Osborn dated July 11th 1949).

10. In any event it seems that the United States will base their position in the General Assembly on their draft resolution which when passed by the Atomic Energy Commission they hope will be noted without discussion by the Security Council and the General Assembly. Thus the objective of the United States tactics as it appears to me is to find a way to end discussion of atomic energy in the United Nations.

459.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 570

Ottawa, July 18, 1949

SECRET

Atomic Energy. Your teletypes Nos. 825 and 826† of July 13, revised U.S. draft resolution.

I share the reservations expressed in your No. 821 of July 12 concerning the efficacy of introducing such a resolution into the Atomic Energy Commission. Moreover, I do not share the U.S. view that such a resolution would be noted without discussion in the Assembly. The resolution, even in its present form, expresses a strong vote of censure on the Soviet Union and the Ukraine and, as a consequence, I think we should be prepared for at least some debate on it in the Assembly.

I am glad to note that there is no question of your having to be associated with the presentation of this resolution in the Commission. However, I am prepared to accept your judgment that, under the circumstances, we have no alternative but to indicate to the United States that if it is introduced, we shall give it our general support.

460.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 908

New York City, August 10, 1949

CONFIDENTIAL

Atomic energy six Power talks.

1. At 11:30 yesterday morning the representatives of Canada, China, France, the U.S.S.R., the United Kingdom and the United States of America met pursuant to the General Assembly resolution of 4th November, 1948. My immediately preceding teletype† reports the prior informal meeting of the five major Powers. The Lake Success meeting was opened by Byron Price, Acting Secretary-General. The meeting went very satisfactorily, as foreseen in the informal consultations.

2. China proposed that the Chairmanship of the meeting should be rotated alphabetically and there being no objections I took my seat as Chairman of the meeting. I then made an opening statement, a copy of which is contained in immediately following teletype No. 909.†

3. In this statement I pointed out that the agenda might well be paragraph 3 of the General Assembly Resolution 191 (III) of 4th November, 1948. Tsarapkin said that he was of the opinion that if the agenda was based on the Assembly resolution which in paragraph one approved the majority plan, then the agenda should also include the U.S.S.R. resolutions of 19th June 1946, 11th June 1947 and 24th February 1949. I stressed that the agenda would not, according to my proposal consist of the whole Assembly resolution, but only of paragraph 3, and that, under this, if any delegation wished to introduce any points which would contribute to the purpose of seeking to reach agreement, they were free to do so. Tsarapkin then agreed that initially paragraph 3 of the General Assembly resolution would be the only item on the agenda.

4. With regard to interpretations, consecutive interpretation was proposed for English and French and the U.S.S.R. delegate stated that it would help him if the proceedings could be interpreted consecutively into the Russian language as well as into French and English. The Acting Secretary-General offered private "whisperer" interpretation for Russian, or simultaneous interpretation for Russian on the ear-phone system. There appeared for a while to be some danger of creating a precedent to support later claims for Russian as a working language in the United Nations but Tsarapkin finally accepted the Secretariat's proposal.

5. It was further agreed that summary records were preferable to verbatim records.

6. Although the Soviet representative suggested open meetings he agreed to the majority preference for closed sessions, at least for the time being, in order that the representatives could exchange views on a confidential basis. There was agreement

that a communique be issued at the conclusion of each meeting and that the Secretariat would provide a press officer to do this. It was agreed that there be no further comment to the press by any delegation without prior consultation with the others.

7. I then requested the United States representative to give his views, which he did and which were similar to those reported in paragraph 3 of my preceding teletype No. 907. The next speaker, Cadogan, stated that he supported the United States point of view and that we should now try a new approach to the problem, avoiding wherever possible the repetitious arguments and discussions of the last three years. He then went on to state that in his opinion it would be desirable to point out the essential principles on which the majority plan depends. He suggested that the Soviet might do likewise with their proposals and that such a procedure would give a better perspective of the differences which existed. Cadogan stated that he would try to produce a list of these points, which he would distribute as soon as possible. I then stated that this offer would be very helpful. The Chinese delegate, in supporting the United Kingdom proposal suggested that the United Kingdom points would provide a basis for discussion at the next meeting, which was agreed.

8. It is expected that Cadogan will circulate a paper containing the agreed "headings" within the next two or three days.

9. I then presented to the meeting the text of today's communique which had been drafted by the Secretariat and which was accepted by all representatives and which you will have received by the United Nations teleprinter service.

10. It was agreed that the next meeting would be held at 10:30 on Tuesday, 16th August, with China in the Chair and Cadogan's list as the agenda.

461.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1065

New York, September 19, 1949

CONFIDENTIAL

Atomic energy.

1. The Security Council held both morning and afternoon meetings on 16th September to continue its consideration of the two resolutions adopted by the Atomic Energy Commission (Documents AEC 42 and 43),† as well as the Canadian draft resolution (Document S/1386)† to transmit these two resolutions to the General Assembly. I had introduced the Canadian resolution towards the end of the Council meeting the previous day.

2. The two main speakers at the meetings were [D.Z.] Manuilsky (Ukraine) and [S.K.] Tsarapkin (U.S.S.R.) both of whom criticised the two resolutions adopted by the Commission. The U.S.S.R. and Ukrainian S.S.R. insisted that the Commission

continue its work in accordance with the Assembly resolutions of 24th January and 14th December 1946, and accused the United States of trying to disband the Atomic Energy Commission or to keep it from meeting. Both the Ukrainian and Soviet representatives levelled the usual familiar charges against the United States as a warmonger and against the majority plan as a device, intentionally unacceptable, designed to preclude any international control. The Ukrainian representative termed the majority plan a "world super trust" in the service of the United States.

3. The Ukrainian and Soviet attacks were very unrestrained and bitter, and may be an indication of the Soviet line at the General Assembly. Both statements, which were obviously prepared from the same detailed directive, made much of purported quotations (without context) from United States Interior Secretary Krug at the recent UNSCCUR Conference that it will take twenty years to get international atomic control, and from United States Chief of Staff Omar Bradley that atomic target lists in the U.S.S.R. have been prepared and are constantly revised by the American Military Establishment.

4. At the conclusion of the Soviet statement Tsarapkin introduced a draft resolution (Document S/1391/REV.1)† requesting the Atomic Energy Commission "to continue its work with a view to fulfilling the tasks entrusted it by the General Assembly resolutions of 24th January and 14th December 1946."

5. In order that the proceedings of the Council would not be unduly prolonged, it was agreed informally between the United Kingdom, United States, China, France, and ourselves that Chauvel (France) would make a short statement in favour of the Canadian resolution and that the other delegations would make no reply to the Soviet and Ukraine statements. In his statement Chauvel said that the Security Council was not entitled to refuse to transmit to the Assembly the two resolutions of the Commission, as this would mean that the Council was setting itself up as a "screen" between the Commission and the Assembly. The Canadian resolution was therefore the only possible method of dealing with the matter.

6. After a short recess to attend a Bernadotte memorial ceremony, the Council resumed its discussions when Tsarapkin asked that the Soviet resolution be put to the vote first. I pointed out that under Rule 32 the Canadian resolution must be voted upon first and was supported in this contention by the Chair, who ruled that the Soviet resolution would be voted on after the Canadian resolution. The Ukrainian representative then introduced an amendment to the Canadian resolution to insert after the word "resolutions" in paragraph 2, the words "together with the records of the discussions on this question in the Atomic Energy Commission". This was circulated as Document S/1392.† I immediately accepted this Ukrainian amendment, as it seemed desirable to avoid any appearance of unreasonableness on the part of the majority.

7. The Canadian resolution with this amendment was then adopted by the Council by a vote of nine in favour, none against, with two abstentions (Ukraine and U.S.S.R.). Before the vote Tsarapkin said that the Canadian resolution was procedural. The Soviet resolution failed of adoption, the vote being two in favour, none against, with nine abstentions (including Canada).

462.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1066

New York, September 19, 1949

SECRET

Security Council voting procedures.

1. Before the meeting of the Security Council on Friday, 16th September, which was to deal with the Canadian draft resolution to transmit the resolutions of the Atomic Energy Commission to the General Assembly (my immediately preceding teletype), Cadogan told me in strict confidence that he had been considering what course he, as President, would adopt if the U.S.S.R. should vote against my resolution. He had finally obtained Foreign Office authority that in the event of a negative Soviet vote but the expected seven or more affirmative votes, he could give a ruling that my resolution, being procedural, was carried. If the U.S.S.R. challenged this ruling, Cadogan was determined to stand firm on it unless it were overridden by seven votes. As you will appreciate, this courageous action on Cadogan's part would have become an important precedent in tending to bring the veto within more reasonable bounds.

2. In the event, as you know, the Soviet Union and the Ukraine abstained on my resolution which was carried by nine votes to none.

3. We were therefore particularly interested in how the voting on my resolution would go on Friday afternoon, after the violent Soviet and Ukraine speeches earlier that day against the Atomic Energy Commission's resolutions. Immediately before the vote was taken, Manuilsky (Ukraine) proposed an amendment to my resolution that the report of the Commission's discussion of these resolutions be transmitted with the resolutions themselves. The thought passed through my mind of refusing to accept this amendment with a view to encouraging a negative Soviet vote and thus preparing the way for an important procedural rule from Cadogan as President. However, on consideration, I decided to accept Manuilsky's amendment as a gracious gesture for the following reasons:

(a) It was a reasonable request and it is, I believe, good policy, and in line with explicit directions in my original letter of instructions, to accept a reasonable Soviet proposal.

(b) Our first interest was to get the Atomic Energy Commission's resolutions transmitted to the General Assembly, and no subsidiary matter should, we felt, jeopardize this.

(c) In the event of a Soviet negative vote on my resolution and Cadogan's anticipated ruling, there would presumably be a first class constitutional dispute which might go on for a long period. It would be important in this case to have our own

record absolutely clear so as to strengthen Cadogan's courageous position which we promised to support if he took it.

4. I think you will agree that in the circumstances our course was wise. Personally I cannot help regretting somewhat that the Russians on this occasion were reasonable and that Cadogan did not have the opportunity to make his important ruling.

463.

DEA/201-B(s)

*La délégation permanente aux Nations Unies
au secrétaire d'État par intérim aux Affaires extérieures*

*Permanent Delegation to United Nations
to Acting Secretary of State for External Affairs*

TELEGRAM 19

New York, September 23rd, 1949

SECRET

Following for the Prime Minister or Mr. Robertson only from Pearson. Begins Vermont.⁸

1. I had separate discussions with Acheson and Bevin about this matter yesterday, and have telephoned the results to you. Last night the three of us met in Mr. Bevin's room, along with Hickerson, Cockroft, Franks and Makins. The whole question of a Presidential statement on Vermont was carefully canvassed. The scientific evidence is now conclusive, and the certainty of a leak in Washington almost equally so, in view of the fact that the McMahon Committee has been called to meet this morning. As a result, the President will be issuing a statement some time today, the text of which is in my immediately following telegram.† We will be informed as soon as possible of the exact hour so that statements can be synchronized in London and Washington and Ottawa if desired. The hour depends to some extent on Vishinsky's speech here, but this is not a governing consideration. Bevin is now satisfied that in the circumstances the above course is wise, and a statement will be made by Attlee in London. I am now also satisfied that there is no other alternative, and I think it would be useful if the Prime Minister could make or issue a similar statement in Ottawa. I understand that the British statement will be practically the same as that of the President, with a few consequential changes. However, I hope to be able to give you more detailed information on this very shortly. Ends.

⁸ Ceci a trait à l'explosion atomique qui a eu lieu en l'Union soviétique.
This refers to an atomic explosion in the Soviet Union.

464.

DEA/201-B(s)

*Note de la direction de la liaison de la défense
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], October 4, 1949

ATOMIC ENERGY DEBATE IN THE UNITED NATIONS

The announcement of the atomic explosion in the U.S.S.R. has focused so much attention upon the international control of atomic energy that I think everyone is now agreed that it will be impossible to maintain our policy, as set forth in the Commentary prepared for the Canadian delegation, of saying as little as possible in the Assembly debate and simply asking the Six Powers to go on with their discussions.

2. I had the impression in Washington and New York that the United States officials had been so preoccupied with the CPC meetings that they had not had time to give much thought to the tactics to be adopted in the United Nations, but, when I returned to Ottawa yesterday, I had a telephone call from General McNaughton who said that Mr. Hickerson has produced a draft report to the Assembly which he proposes to introduce at the next meeting on October 6 of the Six Powers; a minority report would presumably be presented by the Soviet delegate at the following meeting on October 13 and both majority and minority reports would then go to the Assembly through the Ad Hoc Committee.

3. In the meantime, the Soviet Union may try to precipitate a debate on atomic energy in Committee 1 where they intend to introduce a resolution in favour of peace. Mr. Pearson feels quite strongly that we should somehow arrange to have a Western resolution on atomic energy put to the Assembly before a Soviet resolution on the same subject is discussed so that the Soviet delegate will have to amend our resolution—as it would be quite specific concerning inspection and control. If we do not do so, we shall certainly be at a distinct propaganda disadvantage at a time when any mention of atomic energy in the United Nations will receive the fullest publicity throughout the world.

4. A further reason for initiating a full-dress debate on atomic energy in the Assembly is that our officials in New York are agreed that the Six Powers cannot maintain the secrecy of their discussions much longer because of the urgency of the press demands for information since the announcement of the Soviet bomb. That is why, at the last meeting of the Six Powers, the press communique included a promise, suggested by the Canadian delegation, that the Six would shortly be reporting to the Assembly.

5. I had some indication of the point of view of the smaller nations, not only from our delegation in New York but from the Greek Under-Secretary for Foreign Affairs, Mr. Pipinelis, who said that President Truman's announcement had redoubled the anxieties of the smaller countries in Europe and that it constituted the most important psychological problem for European stability. Our delegation fear that

the smaller nations may well decide that something drastic must be done about the problem of atomic energy control if the Six Powers announce that they are still deadlocked. The Indian delegation have already indicated that they may refer the problem to the International Law Commission to draft an appropriate treaty.

6. Our delegation have asked for our views as to the timing and nature of the Six Powers' report to the Assembly. As they will be discussing this in New York this afternoon and tomorrow, they would like our views as soon as possible. I am therefore attaching a telegram for your approval or revision.⁹ It has already been cleared with Mr. MacKay and the United Nations Division.

7. I am also attaching a copy† of a draft resolution prepared by Mr. Arnold Smith and myself while I was in New York after we had had a long discussion with General McNaughton and Mr. Riddell. Now that the United States delegation have come forward with a resolution, there will probably be no need to put forward something along the lines of the attached draft, but if there are any objectionable features in this draft, we should tell our delegation immediately as they are using the draft as a basis for their suggestions for amendments to the U.S. draft report, a copy of which we have not yet received. I should therefore be grateful for any comments you may wish to make on the resolution.

8. As I think you will wish Mr. Robertson to see this memorandum with the draft resolution and telegram, I am sending him copies directly to save time so that if he wishes to comment he will be able to do so this afternoon.

J. GEORGE

465.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 743

Ottawa, October 5, 1949

SECRET

Atomic Energy. Following from Heenev. Begins:

1. In your teletype 1079 of October 2† you asked for our comments on the nature and timing of the Six Powers' report to the Assembly. The following paragraphs describe how we have been thinking here and may be of some use.

2. We understand that the United States Delegate intends to submit to the Six Powers at their next meeting on October 6 a draft report which would constitute the report of the majority, and that it would include the statement of principles which has served as the basis of our discussions in the Six Power Talks, together with a brief description of the areas of agreement and disagreement between the Soviet

⁹ Modifié et envoyé immédiatement comme le prochain document.
Revised and sent as the immediately following document.

Union and ourselves. Although we do not have the text of the U.S. draft, we think it is wise for the U.S. Delegate to take the lead in this matter both in the Six Power Talks and during the Assembly debate. No doubt the Russians will try to have a vague resolution in favour of peace and prohibition discussed in Committee 1 and in the Assembly before any resolution on atomic energy is introduced by one of the Western countries. The advantages of turning the tables on them are obvious if we can avoid an atomic energy debate until the Six Powers report through the Ad Hoc Committee to the Assembly, then our majority report will, we assume, take precedence. Presumably this would put the Soviet Delegate at the disadvantage of having to introduce amendments weakening our proposals for control and inspection.

3. In the phrasing of the report of the Six Powers and of any resolution to be introduced either jointly or by the U.S. Delegate in the Assembly, I think it is important to reflect the new sense of urgency which the Soviet atomic explosion has brought to these discussions. You will be in a better position than we to judge the mood of the Assembly, but we would expect that the smaller countries would be less concerned with the technical aspects of our disagreement with the Soviet Union than with the immediate fear of the bomb. If we are not careful to keep them fully briefed on our point of view, they may be inclined to rush into some ill-considered proposal for prohibition pending agreement on control, or for the establishment of some neutral commission to try to break the deadlock (as was done in the Berlin currency dispute). For these reasons, the report of the Six Powers and the debate in the Assembly will have to be treated as our opportunity for a major exercise in political education to which the world is now ready to give full attention. For this purpose, we have at hand the excellent statement of principles.

4. We have been giving some thought to the form and timing of the Assembly debate which will presumably take place when the reports of the Six Power Talks have been dealt with by the Ad Hoc Committee. As we see it, there is a danger that, if we ask the Assembly to approve the majority report of the Six Powers, we may not get as many votes as we did last year in Paris on the November 4 resolution. Some delegations may not be prepared to take our word for it that the technical requirements will be ratified by nothing less strict than the plan of control we have worked out. We would like your views on the possibility and desirability of trying to get [a] short non-technical resolution debated in the Assembly before either the Six Powers' report or a Russian resolution is considered. Might this be done by arranging for the report of the Atomic Energy Commission (transmitted through the Security Council) to be debated before the Six Powers' report. If so, what we have in mind very tentatively at present is a resolution sponsored jointly or put forward by the U.S. highlighting, for public consumption, those points on which the Russians do not agree with us. Put in the simplest terms these features are—the right to “unrestricted” inspection by the international control agency and the surrender of sovereignty to the extent necessary to achieve effective control. In such a brief, simple resolution it seems to us we should not use the text of the statement of principles which would be made public as part of the majority report of the Six Powers. The object would be to achieve at this stage the simplest possible statement of our case in contradistinction to that of the Soviet Union, to point up the conflict of attitude and to reveal nakedly the hypocrisy of the Soviet position. We

are not satisfied that this can be done merely by the statement of principles and its exposition. Something very brief and hard hitting is essential if we are to seize and hold the psychological initiative.

5. In general, we expect that you will wish to encourage the U.S. Delegate to play the leading part in the debates on atomic energy and that your role will be to assist in carrying conviction to the doubters. There is, perhaps, only one thing to fear more than no international control, and that is a world in which we are given a false sense of security by an agreement based on little more than good faith which, if it existed, would make any agreement unnecessary.

466.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1085

New York, October 8, 1949

SECRET

Atomic Energy Six-Power Talks.

1. The 9th meeting of the sponsoring Powers was held at Lake Success at 3.00 p.m. October 6th, under the Chairmanship of Chauvel (France). Except for the U.S.S.R., which is now represented by Malik, attendance was unchanged. I represented Canada, with Paul Martin and Arnold Smith also present.

2. I took the floor first and presented the point by comparison of the Baruch proposals and the majority plan, copies of which were forwarded under cover of my despatch No. 410 of October 6th.† I was followed by Hickerson (United States), who made a short statement on "stages", and who was followed in turn by Malik (U.S.S.R.), with a lengthy and distorted reply to both Hickerson and myself.

3. In his statement, Hickerson branded as untrue a Soviet charge, made at the last meeting, to the effect that the United States favoured the indefinite prolonging of stages with the purpose of postponing to the distant future control over the ultimate stages of production. Hickerson noted that his Government was in agreement with the third report of the Commission on "stages" and that the order of these stages has not been spelt out either in the third report or in the majority plan. He noted also that only when agreement had been reached on an effective system of control could the timing and sequence of stages be set out, and these would be laid down in a treaty.

4. At the conclusion of Hickerson's remarks, Malik (U.S.S.R.) asked me whether I considered the points made in my statement as the essential and fundamental features of the majority plan. I replied that my statement was intended to point out how the majority plan had been developed from the original Baruch proposals and for no other purpose.

5. At this point Chauvel made reference to the reported atomic explosion in the Soviet Union and asked whether any delegates had views to express on the effect of this for our discussions. Cadogan (United Kingdom) said it would be unrealistic not to make some reference to the reported explosion, and remarked that as some delegations had previously maintained that they had to take on trust such information as was given them on atomic energy, it might now be that the situation was rather different. He added that it might now be possible for those who had asserted the effectiveness of control by mere "inspection" to explain why they held that view and we might then get onto a more practical basis which might lead to more substantial results.

6. The remainder of the meeting was taken up by a lengthy, confusing statement by Malik (U.S.S.R.), directed mainly to Hickerson and myself. With regard to my statement, he noted first, that I had said that the Soviet representative lacked an understanding of the majority plan. The Soviet, he said, understood perfectly well the majority plan, and that the sense of my remarks meant that Canada viewed Soviet statements in open meetings as propaganda. He charged among other things that my remarks were not aimed at clarifying various points but instead made them more complex, and were designed to lead discussion away from the fundamental issues. According to Malik, none of the points made in my speech had any significance or substance, were inconsistent and secondary, and the answer given by me to his earlier question proved this. He also said that my attempt to show that the agency was not a monopoly was wrong, as both the Baruch and United Nations plans called for "ownership". Malik then continued with an attack on the United States, reiterating the often used argument that the United States is afraid of control over ultimate nuclear fuel installations and that the United States is trying to extend control over raw materials but not over nuclear fuel installations. This meant, said Malik, that control would be outside the United States where the raw materials existed and not in the United States where the production plants were located.

7. In view of the hour, I decide to forego a reply to the Soviet until the next meeting to allow Hickerson to comment on Malik's statement. Hickerson in his reply stated that the Soviet comments on what he allegedly said, were based on either misunderstanding, misinterpretation or distortion and that he wished to have the United States statement quoted verbatim in the summary record. He noted that if the Soviet understood the majority plan then it was difficult to see how he could say that raw materials were to be controlled and nuclear plants not.

8. There followed a lengthy argument as to whether Hickerson's statement should be quoted verbatim in the summary record. Malik would not accept this, stating that he was speaking extemporarily and that no text of his statement had been kept. After some argument a compromise was reached on this point, and Malik was given verbatim texts of both Hickerson's and my statements, at his request.

9. Toward the end of the meeting, Chauvel (France) said that we must bear in mind the need to submit a report, or interim report, to the Assembly. At my request it was agreed that discussion of this matter be first item on the agenda of the next meeting, set for Thursday, October 13th, with points 2, 3, 5 and 8 of the United Kingdom paper also on the agenda.

467.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 126

Ottawa, October 14, 1949

TOP SECRET

Following for the Minister from Heehey, begins: Atomic Energy.

1. Riddell will have told you of our meeting yesterday morning with Norman Robertson and those in the Department principally concerned. We discussed tactics for the atomic energy debate or debates in the Assembly.

2. Riddell showed us a draft resolution, which I understand you had seen, proposing prohibition of atomic weapons except in cases of aggression as determined by a majority of the Security Council. We agreed that something better than the negative reports of the Atomic Energy Commission and the Six Powers was required to satisfy our Western public opinion and especially the Delegations of the smaller countries who might be tempted to play a neutral role. We also agreed that the more urgent re-assurance required by such "neutrals" was that the bomb would not be used to start a war, but only to defend free nations in case of aggression.

3. However, we could not help questioning whether the membership of the Security Council in the immediate or more distant future would, by a majority of seven (including three permanent members) "recognize" aggression if it should occur. In such a vote, the position of France would, of course, be crucial; Ecuador and India, depending on the circumstances, might abstain or even vote against; so might Yugoslavia, whether or not it had been re-absorbed by then in the Soviet orbit.

4. We were also worried by the probable reactions of the U.S. Government, and, indeed, of all North Atlantic countries who feel that their security today rests (at least to a large extent) upon the only potent strategic weapon on our side. For the moment, the bomb is undoubtedly a major deterrent to aggression and it seems likely to remain such for some years at least. I feel sure that you have yourself considered this difficult phase of the problem.

5. As possible alternative courses of action for your consideration, we have thought of:

- (a) a unilateral U.S. re-affirmation that it would never wage aggressive war;
- (b) a resolution or convention of the Assembly prohibiting atomic weapons except in cases of aggression.

6. In my immediately following teletype† we have tried our hand at a draft resolution to be submitted jointly to the General Assembly, (or to Committee One or the Ad Hoc Committee) by the representatives of Canada, China, France, the United Kingdom and the United States. We are none too happy with the wording nor are we yet clear precisely how it could be employed if it is thought to have merit. It embodies our suggestion (mentioned in my teletype No. 743 of October

5†) of trying to avoid another vote in the Assembly on the majority proposals as a whole, and, instead, presenting a simplified proposition which would single out the one or two points obviously essential in the majority plan. The purpose would be to employ the majority plan scheme for inspection as the touchstone of Russian insincerity. The resolution as drafted therefore proposes a draft convention for the prohibition of atomic weapons to which is tied acceptance of international inspection of nuclear fuels and facilities for their manufacture anywhere, any time. It might be preferable to separate the inspection clause from the draft convention and include it in the main body of the resolution. Otherwise, it could be argued that by implication the U.S. was prepared to wage aggressive war unless the Soviet Union accepted the inspection clause. However, if the draft convention were to come into effect when five of the Six Permanent Members had adhered to it, this would amount to a U.S. declaration that it would not use the bomb aggressively and would not make such a declaration conditional on Soviet acceptance of our inspection proposals. It also would not suffer from the disadvantage of being simply a unilateral U.S. declaration which the U.S. Government might be loath to make on the ground that this has always been the obvious policy of the U.S. and needs no reaffirmation.

7. Norman Robertson made the general point that we might all stand to gain more than we would lose by joining issue with the Russians on their own ground in Committee One. He felt that the development of the bomb in the Soviet Union brings us a long step closer to the day when the border line between atomic weapons and conventional armaments will have broken down and a general settlement of our major political difficulties with the Russians will have to be attempted, including the whole field of disarmament in all categories of weapons and forces. He is inclined to believe, as I think we all do, that agreement with the Russians on atomic energy alone is next to impossible and that until a more general settlement is achieved, we should proceed very cautiously in initiating any proposal which could conceivably have the effect of divesting the North Atlantic community of its major strategic asset which so far has held the balance against vastly superior Soviet forces in being.

8. A further consideration is, of course, that the Government is now actively considering including the British and ourselves in a full partnership on atomic weapons. This is clearly of the utmost importance in relation to anything which may be initiated in the Assembly along the lines indicated.

9. I might add that our Legal Division have not yet had an opportunity to examine our draft convention in detail. I am only sending it to you in its present rough form because Riddell particularly wanted you to have an indication of our thinking as soon as possible.

10. You may wish to discuss some of these problems with Mr. Claxton when you see him this weekend: I have not done so, Ends.

468.

DEA/201-B(s)

*Note du délégué alternatif aux Nations Unies
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Alternate Delegate to United Nations
to Secretary of State for External Affairs*

SECRET

[New York], October 19, 1949

ATOMIC ENERGY RESOLUTION

The possibilities which have emerged so far in our discussions and which we reviewed at our meeting this morning, seem to me to be the following.

(1) A simple resolution taking note of the principles of the majority plan and urging the six sponsoring powers to continue their efforts to secure agreement.

A resolution in these terms would have the effect of admitting flatly that in present circumstances nothing can be done to limit the use of the atomic weapon. The question is whether the Assembly will be satisfied with such a resolution only. We understand that supplementary or alternative resolutions are being considered by Australia, India, The Philippines, Argentina, and Yugoslavia.

(2) A resolution prohibiting the use of the atomic bomb except in cases of aggression as defined by a majority of members of the Security Council (possibly including three permanent members).

The objections to this proposal, which have been fully examined both here and in Ottawa, arise from doubt over the absolute dependability of all the "western" members of the Security Council. The formula would place two states in the Security Council in a position where they could determine whether or not the United States could use the atomic bomb.

(3) Unilateral declarations by member states that they would not use the bomb for aggressive purposes.

This course is open to the following objections.

(a) The United States has already made such a declaration, and might understandably be unwilling to repeat it.

(b) It does not adequately meet the Soviet offer to prohibit the bomb for all purposes.

(c) It does nothing to consolidate support for the majority plan.

(4) A resolution embodying a draft convention which would both re-affirm the principles of the majority report and prohibit the use of the bomb for aggressive purposes.

The draft resolution contained in the Department's telegram No. 127 of October 14† contains the following points:

- (a) An armament race is under way
- (b) prohibition is effective only with effective control
- (c) effective control requires pooling of sovereignty
- (d) A.E.C. and six powers are deadlocked therefore

(e) A.E.C. should resume sessions after six powers report agreement in principle.

(f) if six powers do not agree in six months, convention is to be opened for signature which would

- (i) reaffirm principles of majority report
- (ii) pledge signatories not to use atomic weapon for aggressive purposes
- (iii) enter into force on signature of 5 members of A.E.C.

The purpose of this resolution is designed to take the initiative away from the USSR or from the states which wish to mediate. In its present form, it is not likely to have this effect, because it is too complicated, and because its operative clause concedes far less towards prohibition than the Russians are prepared to grant in their simpler language.

(5) The only other alternative that occurs to me at the moment is the following:

(a) We should assume that the issue over atomic energy will be joined when the Soviet items on the atomic energy question are debated together in Committee I;

(b) The draft UK-US resolution might then be amended to include a much stronger paragraph on atomic energy, possibly along the following lines:

The General Assembly calls upon Member States to co-operate in working out plans for the control and prohibition of all armaments, including atomic weapons and other means of mass destruction on a basis which will create genuine security through the establishment of an international system of inspection and control providing for adequate safeguards against clandestine activity, including international inspection anywhere in the territory of any Member of the United Nations at any time.

(c) When this is rejected by the USSR we can then fall back on a special resolution concerning atomic energy which takes note of the general principle and calls on the six powers to do their best to reach agreement.¹⁰

R.G. R[IDDLELL]

469.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1101

New York, October 24, 1949

SECRET

Following from Arnold Smith, Begins: General Assembly, Atomic Energy.

¹⁰ Note marginale:/Marginal note:

Why should rejection of this by the USSR mean that we have to fall back on anything? If we can get a 2/3 vote for course 5(b) that is all we need E[scott] R[eid] Oct. 28/49.

1. A few days ago the French permanent representative, Chauvel, mentioned to Mr. Pearson that his delegation would like to discuss with the Canadian delegation the question of an Assembly resolution on Atomic Energy. Mr. Pearson said that we would be glad to do so. Recently, M. De Rose of the French delegation called on General McNaughton and myself, and gave us a draft, of which a rough English translation is transmitted in my immediately following teletype.

2. De Rose said that French public opinion was becoming concerned about the inaction on international atomic control, particularly since the announced explosion in Russia. The French delegation felt that a very short, simple resolution, focusing on only one issue, was desirable in this Assembly; and he recommended that that issue be the question of national sovereignty.

3. He stressed that what he envisaged was a joint Canadian-French resolution, which would be cleared in advance with our United States, United Kingdom and Chinese colleagues, but should be put forward by only two delegations. In the meantime, he had not shown this draft to any other delegation, and did not wish to do so at this stage.

4. De Rose was told that we welcomed their initiative, and were inclined to agree that a short simple resolution might be desirable. We had not yet settled on any particular draft, but were actively considering the matter and hoped to have our views more crystallized within the next few days. De Rose was told that we would keep in touch with him. We also stressed that we would probably wish to consult our United Kingdom and United States colleagues before tabling any resolution.
Ends.

470.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1105.

New York, October 24, 1949

SECRET

Atomic Energy Six Power Talks.

1. The 11th meeting of the Six Powers took place this afternoon, and was devoted entirely to the question of an interim report to the General Assembly. It was unanimously agreed that the draft interim report proposed by France, transmitted to you with the records of the 10th meeting in my despatch No. 418† on October 19th, be approved with minor verbal modifications, and that the summary records of the first 10 meetings be transmitted with it.

2. Statements of several representatives made it clear that each Government was free to submit any further observations on the consultations which it desired; and that these could be sent to the Secretary-General for transmission to the General

Assembly but would not, repeat not, be considered annexes or parts of the interim report.

3. The interim report is to be transmitted tomorrow, Tuesday October 25th, around noon. At the same time the Secretariat will give copies to the press. The Secretariat have told us that the correspondents are contemplating imposing on themselves a 48 hour embargo to give them time to digest the report before publishing it. This is the business of the press itself, but it is not yet certain whether they will in fact impose this embargo on themselves.

4. After the meeting representatives of the five "friendly" Governments met privately to discuss the separate statement. It was agreed that this will be handed to the Secretary-General Tuesday morning, with a letter to be signed by representatives of Canada, China, France, United Kingdom and the United States, the text of which is transmitted in my immediately following teletype.† At the same time copies of this Five Powers' statement will be given by delegations to the press, to be held for release until the interim report of the Six Powers is released.

471.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 201

Ottawa, October 27, 1949

SECRET

Following for Riddell from Heeney. Begins: Atomic Energy.

1. Norman Robertson, Escott Reid, George and I met Wednesday morning with the Minister to discuss the various alternatives proposed in your memorandum for the Minister of October 19, copies of which he gave to us. He will no doubt be telling you of our discussion but I think it may be desirable in order to assure a complete meeting of minds, for me to give you a summary of the sense of the meeting, and for us to have any comments on this telegram that the Minister may wish to make.

2. We first considered briefly the French resolution which had been sent to us with Arnold Smith's comments (his teletypes 1101† and 1102† of October 24). We did not think the final paragraph went sufficiently far; there is nothing in the text to which Russians could not agree, even though they would not mean anything like the same thing as we when we speak of "adequate control and effective prohibition" or in referring to the extent to which sovereignty should be renounced for the organization of peace.

3. We then considered the alternatives listed in your memorandum of October 19 and agreed that your first alternative would cause us the least difficulty but would probably not command the necessary two-thirds majority without a great deal of U.S. pressure on the Latin American states and others who would almost certainly,

if left to themselves, support a simple resolution calling on all states to agree to prohibiting the use of atomic weapons in any circumstances. Although your first alternative was probably the most desirable objective, we felt it was not likely to prove practicable at present.

4. The Minister then said that he was no longer considering the sort of resolution which you listed as the second possibility, for the reasons mentioned in our telegram No. 126 of October 14.

5. We therefore agreed that we should be prepared, as our second choice, to support a resolution simply agreeing to the prohibition of the use of atomic weapons except in cases of aggression—leaving aggression undefined.

6. If neither of these first two courses should appear likely to carry a two-thirds majority, our third choice would be either a simplified version of the sort of *resolution cum convention* spelt out in our teletype No. 127 of October 14† (which, by the way, does not ask anyone to reaffirm the Majority Report as a whole but only a simplified version of its inspection proposals), or an amendment to the U.K. resolution such as that proposed in paragraph 5 (b) of your memorandum. Either one would require considerable polishing and our convention resolution would need to be pruned a good deal to make it less confusing. Both these alternatives would of course suffer from the handicap that they go only part way towards unconditional prohibition, whereas the Soviet delegation would probably be prepared to go the whole way. I like your idea of bringing the subject of atomic energy back into the context of a peace resolution such as the U.K. are considering, which has the virtues of being comprehensive and simple, without falling into meaningless generalities that anyone could accept.

7. In considering tactics we are at a disadvantage until we know how the voting would probably go on any of the above alternative resolutions. We should know what we are going to do well before the subject is to be discussed in the First Committee. If we do not make up our minds in advance as to what course of action to follow, we may find ourselves in the position of having to amend a Soviet resolution instead of having our resolution on the agenda first.

8. A still more urgent reason for early discussion and lobbying with other delegations is that there appears to be a real danger that a considerable number of non-Soviet countries do not yet realize their dependence on the deterrent effect of the U.S. holding a preponderance of power based on atomic weapons. We therefore believe that we should begin now to put this point of view to other likeminded nations, first of all to our North Atlantic partners. It would probably be more effective for one of the smaller North Atlantic countries such as Norway to carry our arguments to countries such as India and Egypt which may be tempted to play a neutral role. Freitas-Valle might well argue our case with the Latin American Delegates who must face the fact that, in present circumstances, their security too depends in the final analysis on the balance of power now maintained by U.S. possession of the bomb and ability to use it to defend any free nation from aggression; this is still the most important deterrent to any would-be aggressor and will remain so for some years at least, or until there is international agreement on effective control and inspection. Until then, prohibition is not enough and, of itself, would

merely have the effect of encouraging an aggressor, while giving the world an illusion of security.

9. Other arguments will no doubt occur to you and to those in other delegations with whom you may be discussing these suggestions.

10. I do not think we can usefully comment in any greater detail as everything depends on the delegations's appreciation on the spot, and especially your collective judgment as to how the voting would go on the various possible alternatives. In any case, as a result of the comments which the press has widely attributed to the Canadian delegation, there will, I imagine, be a fairly widespread expectation among the smaller nations that Canada will play a leading role in the development of a positive approach to this subject when it comes before the First Committee and the Assembly. Ends.

472.

DEA/201-B(s)

*Note de la direction de la liaison de la défense
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], November 2, 1949

Mr. Arnold Smith phoned me from New York late yesterday afternoon to explain the background of a Canadian-French resolution on atomic energy. He then sent us by teletype† (copies attached) a confirmatory message with the text of the resolution which, it is proposed, should be tabled at the beginning of the debate on atomic energy in the Ad Hoc Committee, probably Friday morning, November 4, but possibly on Thursday.

2. The resolution has been considerably revised from the original French draft sent to us on October 24 (teletype No. 1102 attached)† and improved by the addition of "teeth": it now condemns national ownership of large atomic plants and favours necessary limitations of sovereignty, without asking for Assembly approval of the majority plan as a whole. According to Mr. Smith, the United States delegation was not prepared to regard inspection alone as the touchstone of Soviet sincerity and insisted on coming closer to the idea of ownership. It has been discussed, modified and now agreed by the United States, United Kingdom and Chinese delegations; it has the tentative approval of Mr. Pearson and the more enthusiastic support of General McNaughton.

3. All the western delegations now agree that it would be desirable to have a resolution put forward by States not themselves the chief protagonists and the French have been particularly keen on joining with Canada in sponsoring a resolution on a subject of such great concern to the peoples of Western Europe. In addition, the French are still somewhat aggrieved by their exclusion from the tripartite economic and atomic talks which took place in Washington during September and they want to play, with Canada, a leading role in the United Nations debate on atomic energy.

4. This is the first time during the present session of the Assembly that the five Western Permanent Members of the Atomic Energy Commission have been able to agree on the text of a resolution. I think the resolution is a good one, and in any case I would be reluctant to suggest any changes, the more so as the resolution might have to be used the day after tomorrow and changes would have to be cleared with the other delegations principally concerned. If you approve, I shall simply phone Mr. Smith and tell him that we think the resolution is as good as we can hope to get.¹¹

5. The resolution does not contain any clause concerning the prohibition of atomic weapons. If it should appear necessary during the debate in the Ad Hoc Committee or the Assembly to head off a majority vote in favour of unconditional prohibition, a supplementary resolution has been agreed (teletype No. 205 attached)† which would reaffirm the obligation of Member States not to resort to force or the threat of force. I can see why the representatives of the United States and the United Kingdom are questioning the desirability of such a resolution even as a counter-proposal to avoid a worse one. In the event of an attack upon either a State not a member of the United Nations or upon a Member State with whom the United States had no treaty of mutual assistance, it would be open to argument whether Article 51, referring to "collective self-defence" would apply and in that case the resort to arms in defence of the victim of aggression could be held to rest with the Security Council. However, the same objections apply to any literal consideration of the Charter of the United Nations as it stands today, and the proposed resolution goes no further than the Charter. Only some such draft Convention as had been proposed in your teletype No. 127 of October 14† to the Minister would carry us a degree further towards satisfying an Assembly demand for a significant gesture towards the prohibition of atomic weapons. However, this part of the debate may not arise until the item reaches the Assembly and in the meantime we might confine our suggestions to rewording the second paragraph of the draft resolution so that it would read:

"Calls upon all members to reaffirm their solemn obligation under the Charter to refrain from the use or threatened use of armed force, including atomic weapons, against any other country, except on orders of the Security Council or under Article 51 of the Charter."

6. Mr. Smith agreed that it was unfortunate that there appeared to be no chance of getting the general Soviet resolution on peace debated in the First Committee before the Ad Hoc Committee came to the report of the Atomic Energy Commission and its six Permanent Members. The Soviet resolution will probably not be debated in Committee One for ten days to two weeks. The draft counter-resolutions prepared by Mr. Riddell and Mr. Smith have so far only been shown to the Belgians, Brazilians, Americans and British. They are now to be shown to the French and one or two others. The Minister's preference is for the shorter resolution prepared by Mr. Riddell, principally on the grounds that the debate on the shorter

¹¹ Note marginale/Marginal note:

I agree but would teletype [A. Heeney]

resolution will probably be less prolonged than that on the longer version.¹² However, the delegation will be glad to have our comments on the two resolutions and I propose to prepare a teletype on this subject for your consideration. The texts of the resolutions prepared by Mr. Riddell and Mr. Smith were sent to us in teletypes Nos. 184† and 185† respectively.

7. I have made extra copies of this memorandum to send to Mr. Claxton, Mr. Robertson and Mr. Holmes with any comments you may wish to make.

R.A. MACKAY

473.

DEA/201-B(s)

*Note de la direction de la liaison de la défense
aux chefs de direction*

*Memorandum from Defence Liaison Division
to Heads of Divisions*

[Ottawa], November 14, 1949

ATOMIC ENERGY

Mr. Pearson was the second speaker in the atomic energy debate which commenced in the Special Political Committee of the United Nations on November 7th. Together with Mr. Chauvel of France, he sponsored a Canadian-French resolution intended to highlight one or two points of our disagreement with the Russians without asking the Assembly to vote again in support of the Majority proposals as a whole. The resolution focused attention on the necessity for a limited pooling of sovereignty in order to achieve effective international control of atomic energy.

2. Before the atomic energy debate began, the President of the Assembly, General Romulo, had sent an appeal to the Delegation Heads of the six permanent Members of the Atomic Energy Commission. In this appeal, which has since been made public, General Romulo suggested four possible lines of compromise between the Soviet and Majority positions on international control. One of his suggestions was that we should limit research for peaceful purposes to low-power piles which might safely be left under national management if there were an adequate system of inspection. In his statement on November 7, Mr. Pearson commented indirectly on this proposal by saying that we should be prepared to consider a system of control based on 100% inspection alone if we found, upon technical examination, that we could safely rely upon it, but that so far the whole weight of our scientific evidence suggested that we could not avoid a system including management and control. We are, however, pursuing every possible suggestion that could conceivably lead out of the present dangerous impasse.

3. On November 12 Mr. Vishinsky made a statement which was interpreted in some news reports and broadcasts as meaning that the Soviet Union had accepted international inspection and control. The statement, in fact, went no further than the

¹² Note marginale:/Marginal note:
I agree [A. Heeney]

Russian delegate has gone before, simply reaffirming that they believe that "periodic" inspection is an adequate means of control.

4. Resolutions on atomic energy have also been submitted to the Special Political Committee by the U.S.S.R., India, Egypt, Haiti and the Argentine. The resolutions submitted by the last three countries have one common feature: they propose that the use of atomic weapons should be prohibited in one way or another even if we cannot get agreement on inspection and control as defined by the Majority Plan. No doubt this rather woolly desire for prohibition of any kind is still widespread among the delegations of the smaller countries, but is generally expected that when the various resolutions are voted on, either today or tomorrow, the Canadian-French resolution will get the necessary two-thirds majority and that the others will be defeated, including the Indian suggestion that the whole question be referred to the International Law Commission.

JAMES GEORGE

474.

DEA/201-B(s)

*La délégation permanente aux Nations Unies
au secrétaire d'État par intérim aux Affaires extérieures*

*Permanent Delegation to United Nations
to Acting Secretary of State for External Affairs*

DESPATCH 101

New York, November 26, 1949

CONFIDENTIAL

Sir,

I have the honour to report on the debate in the United Nations General Assembly this year concerning the international control of atomic energy. As you know, this debate was completed in committee stage, in the Ad Hoc Committee, on November 14, and in Plenary Session on November 23. The resolution which we sponsored jointly with the French Delegation was adopted by the overwhelming vote of 49 in favour, 5 against, with 3 abstentions: a substantially larger majority than was obtained at the Paris Assembly last year, and a weighty indication that most of the nations of the world are prepared to endorse the general position of the main Western nations in this matter. On the other hand, any agreement with the Soviet Union for the international control of atomic energy seems as remote as ever, and certainly no progress was made in this Assembly toward agreement.

2. You will have already received day-to-day accounts of the proceedings in Committee and Plenary through the United Nations Press Service, and copies of all relevant draft resolutions and Summary Records have already been transmitted to you. I am, however, enclosing with this despatch a copy of the Report of the Rapporteur of the Ad Hoc Committee on this matter (Document A/1119),† and a copy of the text of the Canadian statement given by General McNaughton,‡ in the Plenary Session on November 23, shortly before the vote was taken and the item concluded. The purpose of this despatch, therefore, is to supplement the particular

reports and documents in your possession with comments on some aspects of the debate.

3. The atmosphere of the debate, which aroused great public interest here, was to a considerable extent conditioned by the announcement shortly after this session of the Assembly opened, that an atomic explosion had occurred in the Soviet Union. This background lent emphasis to widespread demands from many quarters that somehow the deadlock between the USSR and the rest of the world regarding atomic energy must be resolved. Throughout the debate a number of suggestions, some patently absurd but others meriting serious study, were advanced from various quarters. While the Assembly did not pronounce on any of these suggestions, there is no doubt that the inclusion in the Canadian-French draft resolution shortly before its tabling of a clause calling upon the six Permanent Members of the Atomic Energy Commission to "consider all concrete suggestions" played an important part in securing the large vote which this resolution eventually commanded, and forestalling, or facilitating the defeat of, a number of hasty and confused proposals. With our despatch No. 58 of November 17,[†] we forwarded to you a list of the suggestions, made during the debate, which will have to be considered at forth-coming meetings of the Six.

4. Another modification of the Canadian-French draft resolution on this item, however, made after the first draft was tabled, concerned the reference in paragraph 8 to the renunciation of sovereignty. The wording of this paragraph, as originally submitted, was intentionally designed to follow certain words in the Preamble of the current French Constitution, which provides that France may renounce sovereignty for the organization of security and peace. The French Delegation felt, perhaps with reason, that this allusion might be valuable from the point of view of French domestic politics, and attached great importance to it. We had had some difficulty in arriving at a satisfactory form of words to meet this French desire, and at times wondered what the result would look like if we for our part insisted on writing in sections of the British North America Act. However, we restrained ourselves on this point, but were amused when during the debate it transpired that several delegations, and in particular that of Mexico, had constitutional and political difficulties regarding any form of words which called for the renunciation of any aspect of sovereignty. In order to minimize this difficulty, and attain as wide support as possible, we agreed with the French to revise this final paragraph, so that the word "renounce" is removed, and the emphasis is on *using* rather than *losing* sovereignty. The meaning is of course unchanged.

5. I should also mention certain off-stage developments which affected the atmosphere in which the Assembly debate took place. One was the report in the New York Herald Tribune on November 22 stating that a major re-examination of the full question of international control was being carried out for the United States Government by Mr. George Kennan, Director of the Policy Planning Staff. This report was followed a few hours later by the issuance of a very strong and almost intransigent press release from the State Department, stating that United States policy was that enunciated by President Truman at the corner-stone-laying ceremonies and by Mr. John Hickerson, Assistant-Secretary of State at the United Nations. The press release went on to state that the United States would continue to support the

majority plan until "a more effective, not a less effective" plan could be devised. Another flurry which occurred during the final afternoon of the debate in Plenary Session on November 23, was the announcement from the White House that Lilienthal had resigned as Chairman of the United States Atomic Energy Commission. There were also suggestions for a compromise put forward by unofficial American bodies such as the Friends. Jack Hickerson commented wryly just before the final vote was taken in Plenary, that the United States liked to do things the hard way.

6. The Canadian-French resolution was the only one adopted by the General Assembly on atomic energy. Four additional proposals were tabled during the debate, by India, the Soviet Union, the Argentine and Haiti respectively.

7. The Indian resolution, which called for the International Law Commission to prepare a draft declaration on the rights and duties of states and individuals insofar as atomic energy is concerned, was defeated by 15 in favour, 24 against (including Canada), and 18 abstentions. The most interesting feature was the sincere though somewhat confused personal campaign carried out by Sir Benegal Rau, the chief Indian delegate, for this proposal. Sir Benegal worked very hard for this proposal, despite the fact that his Government, according to our information, did not like it. Rau had been told by Bajpai that he should not press it, though since it had become a matter of personal prestige, he need not withdraw it: however, on the last day in Committee, Rau made a rather moving and effective speech pleading for his resolution, and stressing the powerful influence which small nations could, if they persevered, have on the policy of Great Powers.

8. A further interesting light on Sir Benegal Rau's attitude, which we have not previously reported, is that on the morning before the Committee vote was taken, Rau produced an omnibus draft resolution, relating together all the operative portions of the Indian and Argentine proposals, part of the Canadian-French resolution, and a verbal suggestion made by the Venezuelan delegate that mediation might help to break the deadlock. Rau showed this draft informally to us and also to the French, United Kingdom and United States Delegations, and when we all made it clear that we did not approve, he decided not to submit it. I am, however, attaching a copy of this unsubmitted draft for your record.†

9. The Soviet resolution, which was resoundingly defeated, speaks for itself. You will notice from the report of the Committee Rapporteur that the Soviet Delegation made a last-minute effort to write the operative parts of their resolution into the Canadian-French resolution in the form of amendments. These tactics merely succeeded in wasting time and irritating most of the delegates: most of the Soviet amendments were ruled out-of-order by a large vote, and the rest were defeated.

10. My only comment on the Argentine draft resolution, which was defeated by a vote of 15 in favour, 20 against (including Canada), and 23 abstentions, relates to the proposed "renunciation of the use of atomic weapons for purposes of aggression". For some strange psychological reason, many delegates seemed to think that such a renunciation would be a forward step. Since the Charter forbids the use of force, which presumably would include any weapons for purposes of aggression, it is difficult to understand what could be gained by such a new undertaking, the implications of which would at best merely be confusing. The desire to single out a

part when the whole is already covered, recalls to mind the name of a hotel in Tours, "l'Hotel de l'Univers de Portugal".

11. The delegate of Haiti, who is I understand a professor of Latin, made a long, florid and rhetorical statement on the first day of the Committee debate. The most significant statement in the flood of rounded periods was his regret that he did not feel competent to submit a resolution to the Committee. However, the next day he did submit a resolution (A/AC.31/L.29).† This resolution, if it meant anything, would appear to be an effort to resolve the Gordian knot of Soviet disagreement by a process of international legislation, stating categorically that international inspection is to be established. The Yugoslav Delegation seized on this resolution as a respectable third position between the Soviet and Western resolutions. However, the Haiti delegate later withdrew his resolution, explaining that paragraph 7 of the joint Canadian-French resolution adequately covered what he had in mind, and the Yugoslavs, finding their limb lopped off, abstained both on the Soviet proposals and the Canadian-French proposals.

12. In conclusion, we can sum up the debate on atomic energy by saying that despite the radio-active and fissionable quality of this topic, another Assembly has been got through without spectacular advance or defeat for the Western position. It is a melancholy fact that for the time being the Assembly debates on atomic energy have been essentially battles in the propaganda war between East and West. Propaganda-wise, nothing has been lost, and doubtless something has been gained. In particular, the joint statement submitted to the Assembly by five of the six Permanent Members explaining the differences between the majority and minority positions on control, seems to have had a noticeable effect in the education at least of other delegates, and probably of public opinion.

13. However, the Soviet Delegation again, and most categorically, rejected the majority proposals. Moreover, Mr. Vishinsky appeared also to reject any suggestion that the Soviet Union might agree to limit the development of atomic energy for peaceful purposes. By implication at least, the Soviet Government, through Mr. Vishinsky's statements, appears to have made it difficult to accept any compromise, assuming that one could ever be devised, for control based on a self-denying agreement to eliminate all large-scale peaceful atomic development. You will recall that exploration of the possibility of agreement along these lines was one of the suggestions put forward by President Romulo and others and referred to the Six Sponsoring Powers for examination.

14. Indeed, so glowing was Mr. Vishinsky's rhetorical hyperbole on the peaceful benefits of atomic energy to the USSR that it called forth the following advertisement found pinned on the notice-board of the U.N. Correspondent's Hall:

"Does a mountain mar the view from your beautiful summer home? Call the Kremlin mountain moving service. We specialize in making mole hills out of mountains and vice versa. Telephone Caviar 235U."

I have, etc.

L.B. PEARSON

475.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1144

New York, December 8, 1949

SECRET

Atomic energy—Six-Power talks.

1. After consultation with my colleagues, it has been decided to call the next Six-Power meeting, of which I am Chairman, for 10:45 on Tuesday, December 20th.

2. As you know, on my instructions the Secretariat has prepared a list of the various suggestions put forward during the course of the Assembly debates, and the recent Assembly resolution now obliges the six Powers to consider these suggestions. I propose not to circulate this list in advance but to state at the meeting that as Chairman I had the list prepared and that I assume representatives will refer it to their Governments for study, so that the representatives may discuss the suggestions at a later date.

3. I also feel that the time is appropriate for giving the Soviet representative a written list of carefully prepared questions, requesting that the latter give us detailed written replies. You will recall that during the Assembly debate the Canadian delegation virtually committed itself to pressing for a clarification of the Soviet attitude: I feel, therefore, that we have a moral obligation to present questions on any points in the Soviet attitude which, in the light of Soviet statements in the Assembly, are obscure.

4. If you agree with the course I suggest, I would be grateful if you could have a study made of the records of Soviet statements in the Assembly debate and provide me with formulations of requests which you consider could usefully be asked.

5. It will probably be useful to have a preliminary meeting of the five friendly delegations, perhaps on Thursday, December 15th. I would be grateful therefore to have your comments and suggestions before that date.

476.

DEA/201-B(s)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 817

Ottawa, December 15, 1949

SECRET

Your telegram No. 1144 of December 8, Six-Power Talks on Atomic Energy.

1. As you suggested, we have made a study of the records of Soviet statements in the Assembly debate on atomic energy with a view to formulating questions which you might put to the Soviet representative in writing at the next Six-Power meeting on December 20. We have, of course, been handicapped by the lack of verbatim reports of the proceedings of the First and Ad Hoc Committees, but from our study of the Provisional Summary Records and from the verbatim records of the Plenary meetings, it would seem likely that any formal questions on the Soviet proposals would be very similar to those asked by Sir Alexander Cadogan on August 11, 1947, and that the replies would also in all probability correspond closely to those given by Gromyko on September 5, 1947. On rereading the records, we have been impressed not so much by the apparent shifts in the Soviet position as by the rigidity with which it has been maintained since their proposals of June 11, 1947. We therefore suggest that instead of putting written questions to the Soviet representative, which he is bound to call tendentious, you might consider raising certain points informally at the next meeting of the Six-Powers with a request for elucidation. No doubt, you will wish to consult your western colleagues as to the tactics and the questions to be asked.

2. Throughout the course of our discussions on atomic energy with the Russians in the United Nations, we have been placed, from one point of view, at a disadvantage by not having succeeded in pinning down the Soviet representative to a detailed and comprehensive exposition of his suggestions for effective international inspection and control. While we of the majority have elaborated our plan in the greatest detail, the Soviet representatives have consistently evaded questions and have chosen to devote almost the whole of their time to tirades of criticism, denunciations and distortions of the majority plan instead of an exposition of their own alternative. This point was strikingly illustrated during the recent Assembly debates: the only time Vishinsky attempted to explain or defend the Soviet proposals was in Plenary on November 23 when he did little more than comment on a condensation of the Soviet proposals of June 11, 1947, before turning with greater relish to the "sinister" motivations of the majority plan.

3. The most interesting part of Vishinsky's restatement of the Soviet position was, we thought, his comments on inspection. In his fourth point he said that "periodic and special investigation" should apply to "the activities of enterprises extracting atomic raw materials." Does this mean that periodic and special investigation should not apply to other processes in the production of nuclear fuels after the mining and refining stage? I think we are also entitled to ask for a definition of such vague terms as "atomic materials" (points 2 and 5) by which Vishinsky seems to mean anything from uranium oxide to fissile materials.

4. We should also like to know what the Soviet representative had in mind when he spoke of "recommendations to the Security Council on measures for preventing any violations" (point 6). Does this mean that the International Commission, in the Soviet view, will be unable to take decisions in such matters without reference to the Security Council, even where sanctions are not involved? On several other occasions, Vishinsky repeated that the Soviet Union agrees that there should be no veto in the International Control Commission. We might therefore ask what catego-

ries of disputes the Soviet representative would foresee being referred for settlement to the Security Council where the veto would remain in effect.

5. We are also completely at a loss to understand the meaning of point 3 of Vishinsky's statement which seems to be an attempt to condense several points originally made separately in the Soviet proposals of June 11, 1947.

6. To return to the core of the Soviet proposal, there are several further questions that could be asked about the Soviet inspection plan. In plenary on November 23 and in the Ad Hoc Committee on November 12, Vishinsky confirmed that the International Control Commission would be within its rights in deciding by majority vote when and where both periodic and special inspections should be carried out. We were told that we should not interpret the word "periodic" to mean "at regular intervals", but rather it should be understood to mean "whenever necessary". On the basis of what the Soviet Union has learned about atomic energy during the past few years, is their representative prepared to explain why they believe that inspection visits would only be necessary "on Thursday and Monday and again on Thursday, if they want to", as Mr. Vishinsky is reported in the press to have said? Why should the Soviet Union be prepared to accept inspection every four days, and not every four minutes? The latter is, in our view, essential for sound technical reasons and our difference with the Soviet Union would, therefore, appear to be not one of principle so much as a difference of opinion as to what is technically necessary. We might, therefore, put a further question as to whether the Soviet Union would be prepared to accept inspection every four minutes (i.e., continuous) if a majority of the International Commission found that continuous inspection was necessary.

7. Vishinsky did not argue against the technical necessity of continuous inspection, but merely said in the Ad Hoc Committee on November 12 (paragraph 96 of the Summary Record) that such a proposal implied distrust and such distrust was surprising, as the Control Commission could always send a special commission of enquiry to check on suspected abuses or violations. Mr. Pearson had already dealt with this point by quoting Vishinsky's own statement on the futility of anything less than continuous inspection of Greek guerillas interned in Albania. In what respect is the problem of atomic inspection different?

8. On November 10, Vishinsky told the Ad Hoc Committee (paragraph 21 of the Summary Record) that "references to selection (of international inspection staff) on an international basis were pointless since the leading role in the agency would be played by Powers most of which were parties to aggressive military alliances hostile to the Soviet Union.... the Soviet Union would not submit to such a form of international control." Does this mean that the Soviet Union now rejects the principle of international recruitment of the Control Commission which it accepted in paragraph 5 (c) of the Soviet proposals of June 11, 1947 and confirmed in Gromyko's reply to Cadogan on September 5, 1947?

9. In the same debate on November 10, Vishinsky is quoted as saying in paragraph 25 of the Summary Record, dealing with the majority plan, that "no one believes that the plan could successfully avert the horrors of war". The Soviet representatives have objected to the majority plan from the first because it went too

far, and because it was a more effective plan than the Soviet were prepared, for political reasons, to accept. Does the U.S.S.R. representative think that the Soviet plan for more limited inspection and control could avert war?

10. Finally, we should like to hear what reply the Soviet representative would be prepared to make to a request for his counter-proposals to meet the problem we have attempted to solve by means of (a) the principle of strategic locations and (b) a quota system negotiated by treaty before the establishment of the International Control Commission. How would they propose to assess the true needs of any given area for fissile materials for peaceful purposes alone? What safeguards do they propose against a country padding its peaceful requirements in order to build up a stockpile for war? What is their objection to negotiating such matters beforehand and writing the agreed quotas into a treaty, setting precise limits to the authority of the International Control Commission?

11. We understand that you have also been undertaking a similar study of the documents on atomic energy and we hope that you will feel free to amend, delete or add to any of the questions which we have tentatively formulated. We do, however, think that it might be inappropriate for us to put questions in a formal letter to the Soviet representative and would suggest that, if your Western colleagues agree, these and other similar questions which they may have in mind, should be divided up among the five of you so that the questions would not appear to the Russians as a direct attack from the Canadian Delegate alone.

477.

DEA/201-B(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1210

New York, December 21, 1949

SECRET

Atomic Energy six Power talks.

1. The 13th meeting of the six Powers took place at Lake Success at 10:45 a.m. December 20th, 1949, under my Chairmanship.

2. The procedure described in my teletype No. 1191 of 17th December, 1949,† was followed, it being unanimously agreed that:-

(a) The list of suggestions prepared by the Secretariat, my letters to Rau and Romulo, and their replies thereto (see paragraph 9 below) should be referred to Governments for study and comment, and that these suggestions be added to the existing agenda.

(b) The meetings should remain closed, but that periodic reports, including the issue of summary records would be made whenever deemed appropriate and that representatives might, either individually or collectively, issue their own commentary or commentaries to supplement such summary records.

(c) The next meeting would be held at 10:30 a.m., 19th January, 1950, thus allowing Secretariat members to take holidays.

3. After the foregoing procedure had been agreed, I suggested that a useful means of furthering our progress might be by an exchange of questions based on various statements made during the Assembly debates. There were no objections and this procedure was adopted.

4. I first called on Hickerson (USA) who stated that he had several questions, but would like to make them at a later meeting. He indicated to Tsarapkin (USSR) that one of these would be based on Vishinsky's statement that "quotas" were designed to shackle the economic development of States.

5. Cadogan (United Kingdom) then put an informal question to Tsarapkin based on Soviet statements in the General Assembly regarding the composition of the international agency, enquiring in particular as to what method of selection the Soviet had in mind for recruiting personnel for the agency. (Cadogan's enquiry had the same purpose as the question contained in paragraph 8 of your teletype No. 817 of 15th December). The reply to Cadogan was not only evasive but baffling. Tsarapkin stated in his reply that when the Soviet representative had touched on the composition of the international agency it was linked directly with the wide powers of ownership envisaged in the "United States plan", and should be considered in this light. He added that the Soviet statement on this point could not be taken by itself and that his remarks did not, of course, refer to the Soviet proposals of the 11th January, 1947, which made clear the membership, etc., of the international control organ.

6. After this "answer" Cadogan obviously decided not to press the point, though the question may, of course, be posed later.

7. There then ensued a short exchange between Hickerson and Tsarapkin regarding the latter's reference to the "United States plan of control". Tsarapkin stated that he would persist in referring to it as such in spite of Hickerson's objections. I made a short interjection pointing out that there were fundamental differences between the Baruch proposals and the majority plan. Tsarapkin reiterated his previous position that these modifications were of no importance, and that the basic features of the Baruch proposals were still contained in the majority plan.

8. The meeting concluded with a statement by Wei (China), the incoming Chairman, who made it clear that our agenda would now be considered in three phases with priority of consideration as follows:

(a) Questions based on statements made in the General Assembly;

(b) Suggestions advanced by various delegations and persons during the General Assembly which would be discussed when comments of Governments were received, and

(c) Consideration of the remaining topics not yet discussed on the United Kingdom paper.

9. As you will have seen from paragraph 2 (a) above, I have now received a reply from Romulo submitting an "additional memorandum" on his suggestions. I am forwarding this memorandum by bag. It does not differ from the original proposal

submitted by him, though he now goes somewhat further "overboard" in suggesting that first priority be given "to the possibility of reaching some agreement on interim prohibition or control." When you have read Romulo's memorandum I think you will agree that such a suggestion is not only dangerous, but completely frivolous. My personal opinion is similar to that contained in an editorial in the New York Times or 21st December which deals comprehensively with Romulo's suggestions.

2^e PARTIE/PART 2COMITÉ POLITIQUE INTERALLIÉ ET COOPÉRATION TRIPARTITE
COMBINED POLICY COMMITTEE AND TRIPARTITE CO-OPERATION

478.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-470

Washington, February 23, 1949

TOP SECRET

Following for Heeney from Wrong, Begins: Reference your EX-427†—atomic energy.

We had a talk with Gordon Munro this afternoon in the course of which he gave us the following account of recent developments. Munro returned from England about ten days ago where he attended a meeting of the Chiefs of Staff and one or more meetings of the Committee on atomic energy over which Makins now presides. Before he left for London Munro had had a purely private talk with Carroll Wilson, who had expressed as his personal opinion the view that it would be desirable, and he thought feasible, to have a general review of collaboration between the three countries in the near future.

While he was in London Munro was authorized to tell Carroll Wilson informally that the United Kingdom Government would be prepared to accept an invitation to discuss collaboration, assuming:

- (a) That the C.P.C. would be the forum,
- (b) That the talks would be on a wide field, and
- (c) That they would be held without prejudice to United Kingdom domestic problems and without prejudice to the existing *modus vivendi*.

Munro has suggested further to Carroll Wilson that when the project has proceeded further

- (1) The Secretary of State take up the matter of an invitation informally with the United Kingdom Ambassador so as to get it on the highest official level,

(2) There should be preliminary talks to discuss agenda and procedure for which Makins and Cockcroft would come from London, and

(3) The talks should take place fairly soon. To this Wilson agreed and said that it might be possible to arrange them within the next ten days.

With reference to (3) above, Munro learned today from Arneson that because of the large amount of preliminary work which must be done here it now looks as if the week of March 14th would be the earliest possible date for the preliminary talks. (Incidentally, this is the reason for the postponement of the sub-group meeting in which [W.B.] Lewis was to represent Canada. Dean [C.J.] Mackenzie I believe knows of this postponement.)

In the course of his conversation with Carroll Wilson, Munro was given the following account of recent developments within the United States.

About six weeks ago a self-appointed (with the informal blessing of their Chiefs) working group met in Princeton. The group consisted of Carroll Wilson, George Kennan, George Butler, Gordon Arneson (These three of the State Department) Oppenheimer, Conant, General Nicholls (Director of Military Application of Atomic Energy), and Webster (Chairman of the Military Liaison Committee).

In so far as the international field is concerned this Committee came to the conclusions:

(1) That it was useless to hope that anything would be accomplished in the United Nations in the matter of international control,

(2) That it was essential in view of recent developments that atomic energy policy in the United States should be brought into line with general United States foreign policy.

In the United States domestic field they concluded:

(1) That machinery must be organized by means of which clearer directives for various Departments as to the future of atomic energy could be formulated,

(2) That the military, the scientists and the directors of foreign policy must be brought closer together,

(3) That to achieve objective (1) and (2) a Committee of three, Acheson, Forrestal, and Lilienthal, should be set up of which the Secretary of State should be the Chairman, in order to control over-all atomic energy policy, and

(4) That the ultimate and final authority should be the National Security Council.

This self-appointed working group also came to the conclusion that the time had come for the whole question of United States, United Kingdom and Canadian cooperation in the atomic energy field to be re-examined in the light of the above findings and in the light of events and developments since the present *modus vivendi* was agreed to. They decided that the C.P.C. would be the best forum for this re-examination. From their point of view it would have the advantage that the United States members of the C.P.C. are the members of the proposed top level Committee.

This working group informed the Secretary of State, the Secretary of Defence, and the Chairman of the Atomic Energy Commission of what they had done "out of

school" and the three Chiefs informally agreed with their findings. The Secretary of State reported these findings to the President who in turn gave them his informal blessing. The working group (less Oppenheimer and Conant) has therefore been instructed to proceed with its task and to draw up plans which will include plans for a re-examination of tripartite cooperation. The fact that at the same time this group will be drawing up plans for a general reorganization of atomic energy policy control domestically explains the delay in holding preliminary tripartite meetings to prepare the way for a full-dress C.P.C. meeting.

Munro and I agreed this afternoon that it would probably be better if I were to make no approach at the present time to the Americans. All of his conversations have been private and most informal and no papers on the matter have been exchanged between him and Carroll Wilson. I think, therefore, that we should keep in the background for the present time and Munro has undertaken to keep me informed of anything that develops. I shall undoubtedly have an opportunity of discussing these questions myself when plans for the preliminary meeting become firmer. Ends.

479.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-741

Washington, March 17, 1949

TOP SECRET

Following for Heeney from Wrong, Begins: Reference my WA-470 of February 23rd.

At Arneson's request Stone had lunch with him yesterday and reports as follows.

2. The task of getting the legs of the domestic centipede to march in step has been a difficult one. The situation now is that informal Working Group to which I referred in my teletype under reference has completed its studies and recommendations in respect both of a general reorganization of atomic energy policy control here, and a re-examination of tri-partite cooperation. The results of this work are in the President's hands and it is hoped that by the time he returns from Key West he will have decided what the next step is to be. Arneson thinks that the problems raised by the recommendations of the Working Group will have to be discussed either in executive session of the Joint Congressional Committee or privately by the President with Congressional leaders. He is a little worried that the President's present and increasing difficulties with Congress may make it hard for Mr. Truman to go as far with Congressional leaders as he would like to, and as the recommendations which he has before him call for.

3. It seems that in the field of tri-partite cooperation, the recommendations, facing both the scientific and political realities of the present situation, call for complete exchanges of information over the whole field of atomic energy. We gather from Arneson that the task of getting acceptance of this idea among the various officials and Departments concerned has been a very difficult one and one which had to be approached gradually. It seems to have been successful and Arneson gives full credit to Webster who, as you know, succeeded Carpenter as Chairman of the Military Liaison Committee. This success, however, must be qualified by the observation that the views of the new Secretary of Defence, Mr. Johnson, are not completely known yet, but it is expected that he will be in general agreement with the recommendations made.

4. Arneson also gave credit to the attitude of the British who, last September, withdrew pressure which they had started to bring to bear to expand the field of cooperation and exchange of information. Arneson said that they had been helpful during these critical months by sitting on the sidelines so as to give the people here complete freedom in solving their own problems in their own way. He added that he knew that Munro would pass on to us any information which he had from Wilson or the State Department, and in the light of this knowledge and in view of the pressure which has been on everybody, he had not undertaken to keep us informed until now.

5. The timetable is not definite yet. Arneson hopes, however, that preliminary talks might begin by the end of this month (which would be the earliest date) or early in April. For these talks presumably Makins and Cockcroft would come out from England. Until they have been held and the situation reviewed it is not possible to say when the C.P.C. would meet formally.

6. In the course of his conversation Arneson made one or two observations which will be of interest to you. He said that the role of the State Department in the field of tri-partite cooperation would become more important than hitherto. The reason behind this is that the State Department is not so tightly tied down by certain provisions of the McMahon Act as is the Atomic Energy Commission.

7. One point on which the United States will insist is the maintenance of complete liberty of action in the use of weapons.

8. The policy of the United Kingdom in respect of its own programme of development in the British Isles will be important. From what Arneson said it may be that as a *quid* for the *quo* of complete exchange, the people here might request the British to limit their operations in the United Kingdom and to participate closely, if they so desire, in developments in the United States. Arneson added that the Americans would be quite happy if the British were to operate in Canada. They would, however, not be happy with any extensive development programme in the United Kingdom which would involve vast plant and large stockpiles of raw material there.

9. In the matter of raw material there have as yet been no withdrawals from the United Kingdom stockpile under the present *modus vivendi*. Arneson said, however, that some withdrawals may be necessary this year.

10. The question of other countries will have to come up again and be reviewed in the light of any decisions which may be taken as to extending the field of cooperation and exchange between the three of us. The people here will be tougher than ever on the retransmission of information.

11. Arneson has undertaken to keep us informed of developments and I shall perhaps be in a position in a week or so to report further. Ends.

480.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-912

Washington, March 30, 1949

TOP SECRET

Following for Robertson from Wrong, Begins: Reference your EX-843.¹³

We have no further information on the details of the proposals which the United States may put forward at the forthcoming C.P.C. meeting. While I have not been able to see Munro or Hoyer Millar today, we have had a word with Henderson on the telephone, and it seems that the British have nothing more than what is given in my WA-741 of March 17th and my WA-470 of February 23rd.

2. It is clear now, however, that the meeting of the C.P.C. will be considerably delayed as it looks as if the earliest possible date for the informal discussions for which Makins and Cockcroft would come from London is now April 20th. The British here, in fact, think that it may be well after this date before these discussions get under way.

3. Arneson is talking to Osborn and McNaughton in New York today. He merely told Stone that he wished to consult them in the matter of timing as between activities in the United Nations Commission and meetings here. Neither we nor the British understand clearly what he is thinking about as Commission activities in New York will presumably be in a glare of publicity, whereas any meetings and discussions here will be behind the thickest kind of a veil. The British are a little worried about Arneson's preoccupation that some relationship, even if it is only a "timing" one, should exist between the United Nations Commission and the C.P.C. They believe that this preoccupation derives from Arneson having previously worked in Osborn's group before taking over his present job in the State Department.

4. We shall enquire more deeply into this when Arneson returns next week and after the pressure of this weekend is over. We shall also then have some more detailed discussions with Hoyer Millar. In the meantime, I should be glad to have

¹³ Ce télégramme† demandait de l'information comme supplément au WA-741 du 17 mars 1949.
This telegram† requested information to supplement WA-741 of March 17, 1949.

repeated to me any report which you may get from McNaughton concerning his discussions with Arneson. Ends.

481.

DEA/201(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 378

New York, March 30, 1949

TOP SECRET

Following for Heeney, Begins: Reference your message No. 296 of 29 March,†
3 Power discussions on atomic energy.

I had a talk with Arneson, New York, in the afternoon of Wednesday, 30 March, at which Ignatieff was also present. The following are the main points of the conversation.

Reasons for the proposed talks:

(a) The "modus vivendi" agreed in meetings of the C.P.C. on December 1947 and January 1948 will run out at the end of this year. It is, therefore, necessary in the opinion of the United States that the representatives of the three Governments meet again and try to reach a common view on atomic energy activities for a further period with particular reference to exchange of information and allocation of materials.

(b) In the almost certain absence of agreement on the international control of atomic energy in the UNAEC, it is necessary for the 3 Powers to consider their own special position in relation to atomic energy and also to consider what disclosure of that position should be made to the public.

2. Procedure.

The British in Washington, through their Ambassador as well as Munro, have stressed the need for preliminary agenda talks, in order to clarify in advance of any meeting of the C.P.C. the exact scope of the discussions and to specify the kind of decisions which the three Governments would be called upon to take. The U.K. wish to have their representatives in Washington strengthened by the presence of Makins and Cockcroft for the purpose of these talks. The U.S., Arneson said, are quite willing to follow this procedure. On their side they have been making preparations for some time past for these talks, of which you have, no doubt, been informed by our Embassy in Washington and the President now has the results of these preliminary studies, with which in the later stages Acheson, Forrestal and Lillienthal have been directly concerned. Arneson indicated that Acheson would himself wish to be available to take part in the preliminary talks and this would, of necessity, affect the time-table. The Secretary has to take an active part in connection with the submission of the North Atlantic Treaty as well as the Military Assistance Act to Congress. It is, therefore, thought that he would not be available until

some time after Easter. Moreover, it is now learned that Cockcroft will not be able to come to the United States until after Easter.

3. Agenda.

The main items for discussion in the preliminary talks, Arneson indicated, would be the questions relating to (A) exchange of information between the three Governments (B) exchange of information with non-CPC, but friendly countries (C) the allocation of materials. As regards (A) Arneson said that the U.K. in September last, had asked the U.S. Government to make available to them information regarding atomic weapons. It was recognized that this was an issue of first importance, but no reply has yet been given to the U.K. Government by the U.S. As regards (B) the U.K. Government has received a request for assistance in developing an atomic energy program from Norway, which is now known to have discovered and developed a limited quantity of uranium from pitchblende ores located in Norway. U.K. on advice for the U.S. has apparently declined such assistance. Regarding (C) the existing agreement on allocations will have expired at the end of the year. Arneson said that the arrangement has worked well so far. However, as Congo output has declined in 1949, it will be necessary to make a withdrawal from U.K. stockpiles within this year. Arneson said that the thinking among U.S. officials on this question is to have a free and frank discussion between the Three Powers in order to arrive at a mutually acceptable formula which would allocate supplies in relation to actual need as between the three countries.

4. Arneson said that he expected that the greatest difficulties in the discussions of this agenda would arise in relation to the exchange of information. He said it would be necessary to get clearance from Congressional leaders on the interpretation in this connection of the McMahon Act. They are now operating on a rather inflexible interpretation, but in view of the new circumstances particularly arising from the failure to reach a broader international agreement on the control of atomic energy, it might be necessary to consider a more flexible interpretation of the term, "common defence and security". This question would particularly arise if there were pressure to extend the exchange of information beyond classified material to friendly countries, other than the Three Powers.

5. North Atlantic Pact.

Arneson indicated that the present U.S. thinking was that the tripartite arrangements on atomic energy should not (not) be linked with the North Atlantic Treaty, nor with the Military Assistance Bill. He said that the tripartite arrangements arose from different origins and were based on special security arrangements which were not applicable in the same way to other countries signatories of the Treaty. However, certain special arrangements might be considered in the case of specified countries like Norway or South Africa, where considerations of reciprocity of benefit might apply.

6. Relations between 3 Powers Discussions and UNAEC.

Arneson thought that the preliminary talks in Washington would give an opportunity to the 3 Powers to exchange views in regard to the 6 Power consultations which are required by the Assembly Resolution adopted in Paris. He said that the U.S. on their part were under no illusion that any agreement is likely to result from

these consultations in view of the present Soviet attitude. However, it was essential that these consultations should take place, preferably on a high official level. As to the time, he thought that it might be desirable that the consultations might take place in June; the field having been previously cleared by the discussions in the UNAEC as well as the private consultations on a tripartite basis. If, as expected, no agreement resulted, the U.S. authorities were thinking that it would be necessary to make a public disclosure in the form of agreed declarations. For their part, the U.S. Government were thinking in terms of stating U.S. Government now had no alternative but to continue its weapons program and to make arrangements with the two other Powers with whom it was associated in special atomic arrangements, while declaring that the ultimate goal of the U.S. still remained a general agreement on the banning of atomic weapons and international control. This, however, would only be possible if a sufficient degree of openness and cooperation were forthcoming from the Soviet Union to enable a plan of the kind contemplated in the reports of the Atomic Energy Commission to come into effect. Arneson said that it was thought that the 6 Power consultations should be concluded before the CPC meets to take formal decisions following up the work done in the preliminary discussions contemplated in April. In this way, the public would have been informed as a result of the break-down of the 6 Power consultations of the failure to reach agreement in the UNAEC before any public statement is made regarding the continuation of 3 Power cooperation in the field of atomic energy.

7. The Form of 3 Power Agreement.

Arneson said that no firm view had been developed in the U.S. on this point, but it was generally felt that whatever agreement was negotiated, it should not (repeat not) take the form of a treaty. It might take the form again of identic[al] declarations of intent. On the other hand, there were some in Washington who thought that a more formal executive agreement might be necessary to cover principles, leaving the details to be worked out in the CPC. In support of this view, it was argued that if the exchange of information were to be broadened, it might be necessary to have Congressional sanction and, therefore, a more formal agreement would be desirable.

8. In conclusion, Arneson stressed that the U.S. thinking was still in a preliminary and tentative stage and that they would continue to keep in close touch with our Embassy in Washington, as well as the U.K. Embassy. Ends.

482.

DEA/50219-A-40

*Extrait du procès-verbal de la réunion
du Groupe de conseillers sur l'énergie atomique*

*Extract from Minutes of Meeting of
Advisory Panel on Atomic Energy*

TOP SECRET

[Ottawa], April 4, 1949

1. COMBINED POLICY COMMITTEE AGENDA

The Panel took note of the recent reports from Mr. Wrong and General McNaughton (telegrams Nos. WA-741, WA-912, and 378) concerning the proposed agenda for the forthcoming meeting of the Combined Policy Committee and the views of the State Department as to the timing of the meeting in relation to the Six Power consultations which are to take place under the auspices of the United Nations.

Mr. Heeney thought that what was worrying the U.S. authorities was once again the location of production reactors in the United Kingdom rather than on the North American continent; they did not want production in an area which might be exposed to attack and where operations would very probably have to shut down in the event of hostilities. Dr. Mackenzie agreed that this was probably the case, as the United Kingdom had completed plans for the construction of two production reactors; he added that he had always found it difficult to understand the insistence of the United Kingdom authorities on having production piles located in Great Britain; apart from the considerations of prestige, he saw no valid economic reason, as present production reactors are not important power units and reactors producing on the North American continent could supply the United Kingdom with fissionable materials that might be required for any future power or military development programme. Dr. Solandt pointed out that the United Kingdom was naturally most interested in the possibilities of power development from atomic energy, as the cost of her domestic power was continuing to rise with the price of coal.

Mr. Robertson thought that the United Kingdom Government's previous objection to locating their production reactors anywhere else than in the United Kingdom might be more easily overcome after the signing of the North Atlantic Pact. It would be easier, he thought, for the United Kingdom Government to satisfy public opinion when they had entered upon a formal alliance.

Dr. Mackenzie then suggested that the Canadian Government might offer a possible compromise if we were prepared to go into production in Canada; he had been surprised at the great interest which the United Kingdom authorities had shown in this idea when he had put it forward informally during his last visit to England. Mr. Robertson pointed out that for our balance of payments it would be better to produce for the U.S. market, and it was possible that United States capital might assist in our development, as they had in the construction of the Shipshaw project. Dr. Mackenzie agreed that the U.S. was the only market at present, and went on to say that he was at present considering the feasibility of a plan which, in its present

tentative stage, appeared sound, although all estimates of cost are only preliminary. He believed it might be possible to build in Canada a reactor for the production of about ten times the quantity of plutonium now being made annually at Chalk River. The costs for construction of the plant would be about thirty million dollars, the operating costs including amortization of the capital cost over five years might be as high as perhaps twenty million dollars. Nevertheless, if we could count on selling the United States sixty kilograms of plutonium annually at the estimated present cost to them the investment might be a very attractive one. He had discussed the prospect with Mr. Howe and wanted to consult Mr. Lilienthal quite frankly and informally as to the technical aspects. At any rate, it was certain that we could at present manufacture plutonium more economically than either the United States or the United Kingdom and could probably count on a continuing market in the United States, as the plutonium would always be inherently valuable, whether it was to be used for war or peace. Dr. Mackenzie pointed out that the above studies were undertaken because we recognize that the present pile at Chalk River has a finite life which although at present indeterminate will probably be not more than five more years and unless we start planning for future piles we will find ourselves in a most embarrassing and untenable position in the not too distant future. Dr. Mackenzie also observed that the construction of a new major project would probably add impetus to the search for new sources of raw material. The recent discoveries of uranium bearing ore in the Sault area and in northern Saskatchewan added substance to the belief that more important sources of uranium will be found in the Canadian Shield. Possibly the greatest advantage of all in the construction of a new plant would be that, instead of selling our raw material to the United States, we would be selling her the manufactured product and retaining a stockpile of raw material which we might expect to be able to re-work when methods of extraction and recycling far more efficient than our present techniques are developed.

The Panel agreed that, with Mr. Howe's knowledge and consent, Dr. Mackenzie should speak to Mr. Lilienthal.

Mr. Heaney suggested that a paper should be prepared for the Prime Minister and Mr. Howe on the importance of the forthcoming CPC meeting, as it might affect major policy questions between Canada, the United Kingdom and the United States.

Another item which Mr. Heaney thought would probably be discussed during the CPC meeting was the question of supply. The Congo production is falling off, and the present *modus vivendi* terminates at the end of this year. In order to keep U.S. reactors operating at close to capacity, the United States authorities were undoubtedly anxious to ensure a continuing supply of uranium, and this might create difficulties both for United Kingdom and Canadian production plans.

483.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1153

Washington, April 25, 1949

TOP SECRET

Following for Robertson, Begins: Reference my WA-1009 dated April 8th.†

1. Wright spoke to Arneson today respect latest position exploratory talks and review of Atomic Energy Three Power coordination.

2. It now appears unlikely that proposed talks will be held before end of June or early July.

3. Americans feel that congressional preoccupation with Atlantic Pact and military assistance bills would make it inadvisable to enter proposed discussions while such bills are being debated. International opinion would inevitably link Atomic discussions with military assistance which is not intention at present time and might cause embarrassment with Atlantic Pact signatories.

4. The political situation here suggests that the extra time could profitably be used to ensure adequate congressional backing for talks when they begin. Hickenlooper last week indicated that any change in the present interpretation of the McMahon Act would be closely scrutinized by Congress.¹⁴

5. Arneson also felt that the proposed talks should not be held before adjournment of the United Nations General Assembly with the likelihood that the future position of UNAEC would by then be clarified.

6. The British are pressing for discussions to begin as soon as possible as United Kingdom policy depends to a certain extent on the conclusions which may be reached at the meeting. It is not considered therefore that the meeting will be unduly delayed when above conditions have been satisfied. Ends.

¹⁴ Un mois plus tard Wrong fit l'observation suivante au sujet de l'examen rigoureux des membres du Congrès:

One month later Wrong made the following observation about Congressional scrutiny: You will have noticed the fresh attacks which are being made here on the U.S. Atomic Energy Commission arising from the discovery that, in at least one case, a Communist was awarded a scholarship financed from the appropriation of the Commission. The disappearance by loss or theft of a small quantity of enriched material from one of the Commission's establishments has given additional cause for attack and is leading to a demand for the removal of Mr. Lilienthal as Chairman. Since the focus of criticism is the Joint Congressional Committee, these developments lead me to think that the tripartite talks will be still further delayed as they obviously will make it more difficult for the Commission to hold the advance discussion which they have in mind.
(Wrong à Robertson, le 24 mai 1949, DEA/14002-2-2/40†).
(Wrong to Robertson, May 24, 1949, DEA/14002-2-2/40†).

484.

DEA/201(s)

*Le premier ministre du Royaume-Uni
au premier ministre*

*Prime Minister of United Kingdom
to Prime Minister*

TOP SECRET

Ottawa, July 21, 1949

FROM MR. C.R. ATTLEE TO MR. L.S. ST. LAURENT

My colleagues and I have recently been reviewing the requirements of our atomic energy programme for military purposes, and the object of this message is to seek your help in a matter of particular concern to us.

2. Our programme requires that a substantial and continuous supply of polonium should be assured to make the weapons effective. From the nature of the substance supplies must continually be replenished. In the event of war our own sources of supply might be put out of action and we are therefore very anxious to have a reserve source on which we can fall back.

3. With my authority, Cockcroft, Director of our Atomic Research Establishment, recently discussed the matter informally with Dr. C.J. Mackenzie, and I understand that your Atomic Energy Control Board have been considering the question of the erection of a second pile in the interests of the continuance of your own programme. Development on these lines would be of very great value to our programme in the United Kingdom, particularly as a reserve source of polonium. I know that the erection of a second pile is a matter which you will wish to consider very seriously in all its bearings, but if you are able to co-operate with us in the matter of polonium supplies I am confident that very substantial benefit to our common interests will result.

4. We should of course be very ready to assist in any extension of your programme to the best of our ability, and we should be willing, if this were useful, to lend you the services of two or three of our scientists from Harwell.

485.

DEA/201(s)

*L'assistant spécial du premier ministre
au haut-commissaire par intérim au Royaume-Uni*

*Special Assistant to Prime Minister
to Acting High Commissioner of United Kingdom*

TOP SECRET

Ottawa, July 28, 1949

Dear Mr. [G.E.B.] Shannon:

The Acting Prime Minister¹⁵ has directed me to request you to send the following message to the Prime Minister of the United Kingdom in reply to Mr. Attlee's message to Mr. St. Laurent, which you delivered to Mr. Howe on the 21st instant.

The message reads:

"In the absence of the Prime Minister from Ottawa, your top secret and personal message of July 21st was communicated to me as Acting Prime Minister.

Although I have advised the Prime Minister of its receipt he will not be in a position to consider its contents until after his return to Ottawa, but I felt meanwhile I should advise you that the government is at the moment considering the general question of future developments in our Canadian activities in the field of atomic energy and our Atomic Energy Control Board is having a general report on future systems prepared for me as the responsible Minister so that I may, in due course, make recommendations to the Cabinet.

We agree that it would be highly desirable for your government to have a reserve source of polonium as suggested and we will be happy to co-operate in that regard to the extent of our available facilities.

I am advised that at the moment, and we hope for the next few years, such reserve capacity could be quickly made available from our present pile and this we freely offer.

When our long term plans take more definite form I know the Prime Minister will advise you further."

Yours sincerely,

J.W. PICKERSGILL

¹⁵ C.D. Howe.

486.

DEA/201(s)

*Le premier ministre du Royaume-Uni
au premier ministre*

*Prime Minister of United Kingdom
to Prime Minister*

TOP SECRET

August 6, 1949

POLONIUM

MESSAGE FROM MR. C.R. ATTLEE TO MR. L.S. ST. LAURENT¹⁶

I am obliged for the helpful answer which Mr. Howe sent me recently in your absence to my message to you of 21st July. I am grateful for the offer in paragraph 4. I see that the general question of future developments in the atomic energy field is under review and look forward to hearing further once your long-term plans take more definite shape.

487.

DEA/201(s)

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], August 12, 1949

You asked me to have a memorandum prepared explaining the exchange of telegrams between Prime Ministers in July, your copies of which I am returning herewith, concerning atomic energy.

The United Kingdom Government has apparently decided to manufacture atomic weapons in the United Kingdom. From what we know of the discussions in Washington last month between the United Kingdom and the United States, it appears that the United Kingdom are asking for more information on weapon development than the United States authorities are at present able to give under the terms of the Atomic Energy Act of 1946. Moreover, the United States authorities have consistently opposed on strategic grounds the location of large-scale production facilities in the United Kingdom. Until fairly recently we believed that the United Kingdom Government was primarily interested in large-scale production only for future power development. We have tended to agree with the United States that strategically it is desirable to keep all major production establishments on this side of the Atlantic.

Dr. Mackenzie has discussed with Mr. Lilienthal in May and with Sir John Cockcroft in June the possibility of a second, and much larger atomic pile being constructed in Canada, not only to replace Chalk River when it wears out but to

¹⁶ Includ avec le message de G.E.B. Shannon à L.S. St-Laurent, le 8 août 1949, DEA/201(s).
Enclosed with G.E.B. Shannon to L.S. St. Laurent, August 8, 1949, DEA/201(s).

enable Canada to process a much larger proportion of our uranium and sell it to the United States as plutonium. (This would enable us to keep for possible future use, by more efficient recycling processes not yet developed, the uranium from which only part of the plutonium can under present conditions be extracted.) Both Mr. Lilienthal and Sir John Cockcroft are very interested in the possibility of Canada building a second pile, and Dr. Mackenzie thinks that Mr. Attlee's telegram is primarily intended to encourage us to proceed with its construction.

It is also clear, from Mr. Attlee's telegram of July 21, that the United Kingdom Government intend to proceed on a programme of weapon development. The quantity of polonium which Mr. Attlee requests is small and could be produced as a by-product from the operation of our present pile at Chalk River.¹⁷ If we were to undertake this commitment for the United Kingdom Government, it would not need to interfere with our production of plutonium for sale to the United States. That is the gist of a technical memorandum which Dr. Mackenzie has sent to Mr. Howe at his request.

Before Mr. Howe, as Acting Prime Minister, sent his telegram of July 28 to Mr. Attlee, he had consulted only Mr. Pickersgill. It is clear from his correspondence with Mr. Attlee that Mr. Howe did not intend his reply to be taken as a commitment. However, as you anticipated, Mr. Attlee has expressed his gratitude for the "offer in paragraph 4". I am enclosing a copy of Mr. Attlee's telegram dated August 6 which was sent to us through the Prime Minister's Office.

Dr. Mackenzie does not expect Mr. Howe to take any further action until after the Combined Policy Committee (U.K., U.S., and Canada) meeting which will probably take place in Washington in the latter part of September. There are many technical problems to be considered before a concrete proposal for the construction of a second pile can be considered by Cabinet. Still more important in our long-term planning is to make sure that if we do construct a large pile we shall have an assured market in the United States for the plutonium which it will produce.

We may therefore expect that no definite reply to the United Kingdom Government's proposal will be given at least until October, and that in the meantime the matter will be discussed fully by the Advisory Panel on Atomic Energy of which Mr. Robertson is Chairman and Mr. Heeney a member.

E. R[EID]

¹⁷ Note marginale:/Marginal note:
i.e., as a by-product of plutonium. R.G. R[iddell]

488.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2447

Washington, September 9, 1949

TOP SECRET

My message WA-2371 of September 1st,† tripartite talks on Atomic Energy.

Ignatieff saw Arneson again Wednesday, 7th September. Arneson said that as far as the United States were concerned September 20th could now be confirmed as the meeting date for the C.P.C. I understand this date is acceptable to the United Kingdom. I take it from your message EX-2023 of August 19th† that September 20th may be accepted for our part also. I shall speak to Mr. Howe on this point.

2. As regards the agenda, Arneson again said that it was proposed that the tripartite talks would cover the whole field of the relationship in the field of atomic energy between Canada, United States and United Kingdom. He said that the United States thinking was that the scope of the talks could be broken down under three main headings which would also represent the respective titles of three sub-committees which would have to be set up when the C.P.C. meets on September 20th.

(a) Strategic and military considerations. This would cover the re-examination and definition of the objectives of the atomic energy activities in the three countries;

(b) Allocations of raw materials (this would cover consideration of estimated production and of requirements);

(c) Exchange of scientific and technical information (this would involve consideration of whether or not defined areas might be extended and if so to what extent).

3. As regards (a) (strategic and military considerations) Arneson said that the United States Government would attach great importance on exchange of views in this field. These talks would be carried on on the assumption, he said, that industrial uses of atomic energy could not be considered practicable on any significant scale for another 20 years. When asked who would represent the United States in these talks Arneson said that the following would probably represent the United States in a Subcommittee on "strategic and military considerations":

General Burns, Chief Adviser on political and military matters to Mr. Johnson, Secretary of Defence;

General Webster and General Nichols from the Military Liaison Committee; and

General Norstad, Chief of Staff to General Vandenberg.

From the personnel which the United States contemplate to use in these talks I think it may be assumed that they intend to go into the strategic implications of atomic energy rather thoroughly.

4. In addition to these three main headings into which it is contemplated the agenda would be divided, Arneson said that the question which would require consideration first in point of time was what kind of interim extension of the existing *modus vivendi* would be required primarily to take care of short run requirements of the existing atomic energy projects. Arneson thought that such an extension would have to provide for six months at least as it was almost certain that any new long-term tripartite arrangements would require Congressional approval.

5. On the question of publicity, Arneson said that the United States Government was trying to get as much information about the tripartite arrangements as possible into the public record in order to satisfy the Congress. Arneson said that the United States were contemplating the issue of a press release announcing the tripartite talks. Such an announcement would probably describe these talks as "exploratory discussions" and would refer to the recent statement by the President about the existence of a "*modus vivendi*". Arneson hoped to have a preliminary draft ready on the basis of which he might consult the Canadian and United States Joint Secretaries of the C.P.C. before the end of the week.

489.

DEA/201-B(s)

*Note de la direction de la liaison de la défense
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], September 12, 1949

You asked Mr. George for a memorandum for tomorrow's meeting of the Chiefs of Staff Committee, outlining the development of Canadian-United States-United Kingdom co-operation on atomic energy matters. The memorandum is attached.†

2. You will recall that at the special meeting of the Chief of Staff Committee on August 22 to consider the United Kingdom Chiefs of Staff request for our Chiefs' assistance in guaranteeing the United Kingdom a supply of polonium, the Chiefs decided that Mr. Howe's reply of July 28 to Mr. Attlee's telegram would be a sufficiently definite commitment that the Canadian Government would be "happy to co-operate" with the United Kingdom Government in this regard.

3. In the attached memorandum, we have not attempted to set out what subjects might be discussed by the Strategic and Military Sub-committee of the C.P.C. (always provided that Congress agree to exchanging information with Canada and the United Kingdom on such matters). From our point of view, I suppose the most difficult question will be whether or not the United Kingdom Government's decision to produce plutonium in quantity and to manufacture weapons in the United Kingdom is justified on strategic grounds. I should think it would be more fruitful if the Sub-committee were able to reach agreement to add certain strategic and military subjects to the "areas of co-operation" under the new *modus vivendi*, so that we could exchange views on all the work that has been done in the United Kingdom and United States separately since the Bikini tests when co-operation on

military aspects virtually ceased because of the United States Atomic Energy Act. There must be a great deal of Defence Research material, including training techniques and long term strategic concepts which could be discussed very profitably from our point of view. Mr. George's letter of August 17† to the Secretary, Chiefs of Staff Committee, which was circulated to the Chiefs as CSC Paper 6-1, discussed, among other things, the problem of strategic locations.

J. G[EOURGE]
for R.A. MacKay

490.

DEA/201(s)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major
Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], September 13, 1949

...

II. CANADA-U.S.-U.K. CO-OPERATION IN THE FIELD OF ATOMIC ENERGY

8. *The Under-Secretary of State for External Affairs* reviewed the general situation concerning co-operation and exchange of information in the field of atomic energy as between Canada, the United States and the United Kingdom. The Combined Policy Committee, which was established in 1943, had continued in time of peace and, in accordance with its terms of reference, was the formal instrument by which the three countries continue "full and effective" co-operation in accordance with the agreement announced by the Prime Ministers of Canada and the United Kingdom and the President of the United States in November of 1945. Co-operation had been severely limited by the U.S. Atomic Energy Act of 1946, which prescribed that "there shall be no exchange of information with other nations with respect to the use of atomic energy until Congress declares by joint resolution that effective and enforceable safeguards have been established". So long as the U.S. Congress had been quiescent, it had been possible to effect certain exchanges of information. When, however, Congressional committees on atomic energy commenced their inquiries into the security of the atomic project, practically all exchanges of information were eliminated in order to ensure unquestionable compliance with the relevant U.S. legislation.

At the next meeting of the Combined Policy Committee, to be held in Washington on September 20th, 1949, the United States proposed to set up a sub-committee to consider the strategic and military aspects of atomic energy. Apparently great importance was being attached to the work of this proposed sub-committee as evinced by the strength and character of the U.S. representation.

The Canadian Government would probably be represented by Mr. Howe, Mr. Robertson and Dr. Mackenzie. It was understood that Mr. Howe had requested Dr. Solandt to attend as the representative of the Chiefs of Staff Committee.

9. *Dr. Mackenzie* said that the military aspects which might be discussed by the sub-committee would probably be on broad strategic lines and that there was little likelihood that technical points would be discussed in this sub-committee.

10. *The Committee* agreed, after further discussion, that Dr. Solandt would represent the Chiefs of Staff at the meeting of the Combined Policy Committee to be held in Washington 20th September, 1949.

491.

DEA/201(s)

*Ministre du Commerce et de l'Industrie
au Comité de la politique combinée*

*Minister of Trade and Commerce
to Combined Policy Committee*

TOP SECRET

Ottawa, September 20, 1949

MR. HOWE'S REMARKS TO THE COMBINED POLICY COMMITTEE MEETING ON
SEPTEMBER 20TH, 1949¹⁸

Canada's position in the field of atomic energy is well known to all here. We have no plans for military use of atomic energy. Our materials and facilities are employed for the purposes of research only and everything that we have accomplished in this field has been passed to our associates.

In addition, Canada is an important source of raw material. This material has never been subject to allocation by the Combined Development Agency, but has been supplied by Canada to the country that from time to time was in a position to use it most effectively. Canada has no desire to change this arrangement, unless, as an outcome of the present discussions, it would appear that some other disposition seems desirable in the common interest.

With regard to the information which we have received under the present *modus vivendi*, Canada has no complaint. We believe that we have put the information that came our way to good use. While we could have used more information to advantage, perhaps some benefit has been gained from the situation which has made it necessary for Canadian scientists to work out many problems for themselves.

492.

DEA/201(s)

*Procès-verbal de la réunion du Comité des chefs d'état-major
Minutes of Meeting of Chiefs of Staff Committee*

TOP SECRET

[Ottawa], October 3, 1949

I. REPORT ON ATOMIC ENERGY DISCUSSIONS IN WASHINGTON

1. *The Chairman, Defence Research Board*, reported on the atomic energy discussions between Canada, the United States and the United Kingdom (Combined Pol-

¹⁸ Inklus avec une missive à l'ambassadeur aux États-Unis pour le secrétaire d'État aux Affaires extérieures, no. 3199, le 21 septembre 1949, DEA/201(s).†

Enclosed with Ambassador in United States to Secretary of State for External Affairs, No. 3199, September 21, 1949, DEA/201(s).†

icy Committee) which had been held in Washington commencing September 20th, 1949.

Background Information

A wartime agreement between the three countries concerned had been reached by which arrangements were made for the pooling of research and the free exchange of information in the field of atomic energy. The Combined Policy Committee, which was established in 1943, had continued in time of peace and, by its terms of reference, was the formal instrument through which the three countries would maintain a full exchange of information. A parallel arrangement provided for the distribution of raw materials, whereby the available supply from non N[orth] American sources would be shared equally by the United States and the United Kingdom.

Following the war, the United Kingdom had started her own independent development of atomic energy.

The McMahon Act of 1946 severely restricted co-operation among the three countries since it prescribed that there would be no exchange of information with other nations with respect to the use of atomic energy until Congress declared by joint resolution that effective and enforceable international safeguards had been established. Therefore the interchange of information between the United States and Canada and the United States and the United Kingdom temporarily ceased.

The United States now found that they would have to develop a formula for dealing with the United Kingdom and Canada within the terms of the McMahon Act. In January, 1948, therefore, a *modus vivendi* was developed with the object of continuing co-operation and collaboration with the United States and Canada and at the same time ensuring compliance with the relevant legislation. On the raw material side, this had worked out satisfactorily. With regard to the exchange of information, however, the machinery was cumbersome and the terms of the *modus vivendi* had never been fully implemented.

About a year ago a group of the U.S. authorities (including some leading scientists) had held a series of discussions with the object of taking steps to ensure that atomic energy development in the United States was not tending to get outside the main stream of scientific advancement in this field because of the restrictions imposed by the McMahon Act. The present *modus vivendi* was due to expire at the end of this year and the United States had instituted these tri-partite talks with the United Kingdom and Canada as a means of establishing a long-range programme of co-operation.

Conclusions

Material

The U.S. authorities had presented a paper outlining their views on the question of the supply of raw material, in which the following were the main points:

(a) the present atomic bomb manufacturing facilities could not utilize all the available raw material;

(b) if the western democracies were going to put forward the maximum combined effort in the atomic energy race, the soundest plan from the economic standpoint would be to expand the U.S. facilities rather than attempt to establish new manufacturing capacity in the United Kingdom;

(Note: U.K. and Canadian representatives supported the above principle)

(c) the British activity in the Atomic Energy field (in the United Kingdom) should, in general, be limited to her present scale of effort (two production piles).

The United Kingdom also proposed the construction of a low separation diffusion plant and it appeared that they intended to go ahead with this project although the proposal was not supported by the United States.

The United Kingdom felt that the industrial development of atomic energy from the standpoint of power production was of more benefit to them than to the United States. Their representatives had also stated that the U.K. Chiefs of Staff had indicated that there was a military requirement for the atomic bomb in the U.K. strategic plan.

To lend further support to the fact that the limiting factor of production was manufacturing facilities, and not raw material, was the development of a process known as "re-cycling" which permitted the use of uranium (theoretically at least) over and over again. Apparently it was intended that production would be undertaken against the available supply of raw material until 1953 and, at that time, "re-cycling" would be resorted to with the result that there would probably be a still greater surplus of raw material at that time. Meanwhile, the general supply arrangements would be as follows:

(a) the British would maintain the operation of their present production piles; and

(b) the United Kingdom would receive ten per cent of the uranium raw material available for the next five years, and the United States, the remaining ninety per cent. It was considered that this distribution of raw material would permit the United Kingdom to proceed with the development of atomic power and, at the same time, produce their own atomic bombs (in limited numbers) if they so desired.

Exchange of Information

The United States were in favour of the greatest possible freedom in the exchange of information on atomic energy. The United Kingdom were in agreement with this principle but wanted assurance that such an exchange should be complete and not limited to specific areas of knowledge as at present. The latter point was appreciated by the U.S. representatives and agreed to by them.

There was general agreement that the best possible means of achieving a free and complete exchange of information was to arrange for the exchange of personnel between the countries concerned.

The United States were in favour of "compartmentalization" of atomic energy development along functional lines which they felt would assist in maintaining the required degree of security.

There was a general agreement among the representatives that there should be a free exchange of intelligence information in the field of atomic energy, with Washington being the exchange centre for the three countries concerned.

Military Aspects

2. *Air Vice-Marshal Miller* reported that the United States were against the storage of atomic bombs or fissile material in the United Kingdom on the grounds that their safety might be jeopardized in the event of emergency.

The United States also had objection to the manufacture of atomic bombs outside the North American continent, although some of the reasons which they had advanced for reaching this conclusion might be open to question. As an alternative to the United Kingdom manufacturing atomic bombs in their own country, it had been suggested informally that the United States might make available to the U.K. (in the United States) a quantity of bombs equal to the proposed U.K. production, for storage on the North American continent.

Recently the U.S. Chiefs of Staff had been exploring the possibility of developing the atomic bomb as a tactical weapon. This had of course resulted in an upward revision of their requirements for bombs. It was of interest to note, in this connection, that the United States might wish to base some of their tactical air units in the United Kingdom but administrative difficulties had prevented them making this proposal to the United Kingdom up until this time.

The U.S. authorities had expressed a desire to achieve closer collaboration with Canada and the United States in connection with the development of launching sites, carriers and methods of delivery of the bombs. They also felt that it would be particularly useful to study the problem of target selection on a combined basis, to ensure that common doctrine was developed.

In discussing carriers (aircraft), the U.S. representative had pointed out that the production cost of an aircraft of a B-36 type was in the neighbourhood of \$5,000,000. For this reason they urged the pooling of carrier development and production resources on the grounds that it would not be economically possible for more than one country of a coalition to be engaged in a project of this magnitude.

Referring to the strategic aspects of the discussions, *Air Vice-Marshal Miller* stated that the United States had indicated that it was not contemplated that Canadian bases would be used for launching atomic bomb attacks in the event of an emergency but they might be required as staging points or weather alternates.

The United Kingdom had expressed some concern as to whether the United States intended to use only the United Kingdom as the base for strategic air operations. The United States had given assurance, however, that it was their intention to use bases in the U.S. and the Middle East as well as in the U.K.

Storage

3. *Dr. Solandt* reported that the problem of storing fissile material had been discussed at the meeting. The U.S. method was to disperse the location of their storage establishments in the central part of the country (away from the coast), where they would be least vulnerable to attack. To ensure immunity to attack by atomic bombs, the installations were placed underground. The criteria used for selecting sites were

most rigid. An aerodrome capable of taking large aircraft, adjacent to the storage facilities, was essential. Guarding arrangements expended large manpower resources. The initial cost of the installation was high and there was a continuous technical problem associated with the inspection, surveillance and modification of the stored bombs. Because of the latter factor, there were advantages in having the bomb manufactured and stored in the same country.

There had been some suggestion that it might be proposed that (as a means of overcoming the U.S. objection to having atomic bombs stored in Europe) a storage installation be constructed in Canada.

There was some doubt as to whether this proposal would be acceptable to the United Kingdom, however, as they had expressed the desire to have at least a limited number of bombs on hand in the United Kingdom and there were indications that some bombs might be made available to them, possibly within the next year.

When asked what the probable reaction of the Canadian Government would be to the proposal that U.K. bombs be stored in Canada, Dr. Solandt had replied that it was his opinion that the Canadian Government would not be prepared to be host to an entirely British project and would be unlikely to accept anything of this kind that could not be accomplished as a Canadian enterprise.

4. *The Committee* noted the reports of Dr. Solandt and Air Vice-Marshal Miller on the atomic energy discussions in Washington.

493.

DEA/201(s)

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

TOP SECRET

[Washington, October 19, 1949]

THE PROBLEM OF PUBLIC PRESENTATION OF ANY NEW TRI-PARTITE ARRANGEMENTS
 IN THE FIELD OF ATOMIC ENERGY, WITH PARTICULAR REGARD TO
 THE RELATIONSHIP OF SUCH ARRANGEMENTS TO THE NORTH ATLANTIC TREATY

Assuming that when the tri-partite consultations are resumed in November, it is possible to agree upon a plan for long-term co-operation between the United States, United Kingdom and Canada in the field of atomic energy, it is necessary to consider the manner in which these arrangements will be presented to the public and the extent to which publicity should be accorded to such an agreement. How best this might be done, taking into account the special relationship in matters of defence between the three countries and certain other countries of the North Atlantic Treaty, is the subject of this memorandum.

2. President Truman's statement of July 28th, 1949, following the Blair House Conference with Congressional leaders concerning the secret aspects of atomic energy, included a brief review of tri-partite co-operation to date. (The full text of President Truman's statement of July 28 is attached as Annex 1†). It will be noted that, in the second paragraph, under the heading of "Review of Wartime Co-operation", President Truman represents the process of consultation between the United

States, United Kingdom and Canadian scientists as a continuous one beginning in 1939. Any lapses in co-operation between the three countries as a result of the passing of the Atomic Energy Act of 1946 (Public Law 585, 79th Congress) are not referred to. The President's statement goes on to mention the *modus vivendi* of 1948 as providing arrangements for co-operation which were limited in scope and duration. The President concludes his statement by saying that the United States intends "to explore with the United Kingdom and Canada some of the basic questions underlying any determination of long-range policy in this field" and that this "will require further consultations with the Congress following the exploratory conversations".

3. President Truman's statement of July 28th, therefore, offers a basis for presenting any new tri-partite arrangements as a continuation of a process of co-operation which began between U.S., U.K. and Canadian scientists in 1939, which developed into a major effort for the purpose of producing an atomic weapon during the last war, and which has now led to the "determination of long-range policy" because of requirements of mutual defence.

4. It is recognized that, in presenting the tri-partite arrangements to the public, it is of special importance to make the presentation as acceptable as possible from the point of view of the other nine signatories of the North Atlantic Treaty.

5. The position of France, both as a leading participant in the North Atlantic Treaty and as a country engaged in important research activities in the field of atomic energy, requires special consideration. Moreover, the position of Belgium, as the largest producer of uranium, also raises a special problem. So far as the interests and accomplishments of these two countries in the development of atomic energy are known to the Embassy, these are principally related to its peaceful uses. The French facilities are on a research scale and are not capable of producing fissionable materials in quantities sufficient to be used in a weapon. Like Chalk River, the French pile is a research tool. The Belgians are not known to have any pile but are interested in the possible peaceful applications of atomic energy, particularly as a source of power having in mind the depletion of their coal reserves. Norway may also have a certain interest in atomic energy, because of the existence of uranium-bearing shales in the Scandinavian Peninsula.

6. In approaching these countries, and other friendly ones, including particularly some of the Commonwealth countries, it would be desirable not to exclude them from any possibility of sharing information which would be useful to them, such as information about strictly peaceful research facilities like low-powered reactors and information relating to the processing of raw materials. Providing it is possible to give the co-signatories of the Atlantic Treaty reasonable assurances in this regard, it would not seem necessary or desirable to associate any other signatories of the North Atlantic Treaty with the effort involved in the military application of atomic energy. One may, indeed, be certain that for some time to come the United States will refuse to share information on the fabrication of atomic weapons, and also on the large-scale production of fissile material, with countries other than the United Kingdom and Canada. The production of bombs, however, requires such a heavy

outlay in capital investment that it is doubtful whether any other countries would be able or willing to sustain an effective programme of atomic weapon production.

7. It may, therefore, be feasible to present tri-partite arrangements providing for a co-ordinated atomic-weapon programme as a collective contribution on the part of the United States, United Kingdom and ourselves to the common security of the North Atlantic nations and of the Western world. Indeed, such an interpretation of three-power co-operation in the field of atomic energy is implicit in the explanations of United States policy which accompanied the Mutual Defence Assistance Act of 1949. For instance, in the report of the Committee of Conference of the two Houses of Congress which accompanied the Mutual Defence Assistance Act (Report No. 1346) the principle of unity of defence arrangements in the North Atlantic area is stressed as basic. As a necessary corollary to this principle, the principle of differentiation of functions among the parties to the Treaty is also stressed. The following passage from Page 13 of the Conference Report seems particularly relevant:—

“Each nation must do its part, as determined by its position and its resources, in relation to the common security of all. No one nation in the group must aspire to perpetuate or expand its various military components for purely national considerations. Each must recognize its obligation to balance its forces in relation to the needs of the whole area in which common defense has been pledged. For some this may require submission to a secondary status in certain types of armament. For some it may require *specialization in military activities* that would not be preferred if a free choice were made on a purely national basis. All must be willing to give up those preferences which are characteristic of purely national defense but which are not in keeping with the common defense of the area. This principle of unity must be undertaken early and thenceforth rigorously applied.

As soon as possible, the essentials of the pattern of area defense based upon individual national specialization must be agreed to and the assignments thereunder made. This principle must be riveted into the base of the North Atlantic defense structure. Once this pattern has been developed and agreed to, it must be the governing formula for the assistance program here envisaged. That is the intent behind the language which makes the bulk of the authorized assistance contingent upon recommendations acceptable to the United States, for integrated defense of the North Atlantic area.”

In addition, there is the important statement by General Bradley before the Committee on Foreign Affairs of the House of Representatives on Friday, July 29th, 1949 on a sound strategy from the U.S. point of view for collective defence. (An extract of the relevant portions of his statement is attached as Annex 2;† some of the points included in it are further developed in his article in the Saturday Evening Post of October 15th).

8. The signatories of the North Atlantic Treaty who are to receive arms under the Military Assistance programme are required to accept the principle of integrated defence of the North Atlantic area in concluding agreements with the United States. There should, therefore, be no difficulty in applying the principles of this Act also to tri-partite arrangements in the field of atomic energy as a special case, by which

U.S., U.K. and Canada would undertake "specialization in military activities" in the interests of the common defence of the North Atlantic area.

9. It is suggested, therefore, that if the tri-partite discussions are successfully concluded by acceptance of a new agreement, the central purpose of the agreement—the production with maximum efficiency and speed of atomic weapons—can be presented to the other parties to the North Atlantic Treaty as an arrangement contributing greatly to the purposes of the treaty. Emphasis should be placed on the history of collaboration between the United States, the United Kingdom and Canada; and the fact that the new agreement would constitute a great extension of the collaboration which has existed since the passage of the McMahon Act should be played down.

10. It remains to be seen how far it will be possible at this time for the United States to agree that information should be made available to friendly countries on methods of research into atomic energy. It was suggested during the September talks that declassification of certain information, such as the design of a standard low-power reactor, would go a long way towards meeting the requirements of countries wishing to pursue researches in this field. The McMahon Act may still be regarded as an obstacle to such a procedure. The fact that the technique has been mastered in the Soviet Union so as to enable the production of fissile material sufficient to bring about an atomic explosion may, when it has thoroughly soaked in, make some such arrangement possible. If difficulties are raised by United States representatives, we must consider, however, whether it would be wise to prejudice the conclusion of a tri-partite agreement on the lines proposed by pressing for a simultaneous agreement to furnish other countries, in order to aid their research, with information which is now highly classified.

H.H. WRONG

494.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2937

Washington, October 21, 1949

TOP SECRET

Following for N.A. Robertson from Wrong, Begins: Main issues which may be expected to arise in Tripartite Consultations on Atomic Energy affecting Canada.

1. Assuming that the atomic talks, when they are resumed in the first half of November, will proceed from the point at which they were suspended at the end of September, I seek to set out below the main issues affecting Canada which, in my view, require at least preliminary consideration in advance.

2. Do we agree that the new arrangements for tripartite cooperation in the atomic field should accord the United States primary responsibility for weapons produc-

tion, with the United Kingdom and Canada playing an agreed part in support of the United States weapons programme? The main criterion proposed by the United States to govern the tripartite relationship has been the requirement that the weapons production programme should be directed to the production of as large a stockpile of bombs and as great a production of fissionable material as practicable. I assume that we shall agree to the acceptance of this criterion as a necessary requirement of our combined defence in the present world situation, and also that urgent priority should be given in the atomic programmes of the three countries to the production of atomic weapons and fissionable material as quickly as possible. This implies that production facilities should be employed to their maximum in the United States and that new programmes should not at present be initiated by the United Kingdom. If the United Kingdom agrees, presumably we would agree also, provided that the arrangement would not interfere with the construction of a new Canadian reactor.

3. The allocation of materials would provide that the United States should receive during the next five years not less than 90 per cent of the raw material which under the agreed estimate is expected to be available. Presumably, again, we would agree to this as a consequential proposal.

4. Generally speaking, the principle of full tripartite cooperation in the development of atomic weapons should, I think, be acceptable to the United Kingdom and Canada. It must, of course, be understood as covering access to information not directly related to weapons production—indeed, access to all information useful for the execution of the Canadian and United Kingdom programmes, including basic research, engineering techniques, defence against attack with atomic weapons, and so on. It is proposed that interchange of personnel should be a principal means of giving effect to this pooling of skills and knowledge.

5. Are we prepared to permit storage in Canada of atomic weapons owned by the United Kingdom so that they would be immediately available in the event of war? The United States have insisted in their negotiations that the fabrication of weapons should be entirely located in North America. It is not yet known whether the United Kingdom will be satisfied with participation of their experts and the use of some of their materials in fabrication in the United States. In effect, the United States have in mind an arrangement whereby plutonium produced in the United Kingdom (with the three pile programme reduced to two piles) would be shipped to the United States and there combined with U-235 in the fabrication of atomic bombs which might then be earmarked for the United Kingdom and stored in Canada. The main reason given for storage in Canada rather than in the United States is the delay which might arise pending action by Congress in the event of a declaration of war, which might deprive the United Kingdom of the use of atomic bombs in the early stages of war. This, however, raises the question whether we would consent to allow the United Kingdom to withdraw bombs even though Canada were not at war.

6. Apart from this important political question, it would be necessary to consider the responsibility which would arise for safekeeping of the bombs, defence of the storage area, the upkeep of stored material and related questions. It should be noted

that, if we agree to undertake this responsibility, some years would pass before the first atomic bombs on United Kingdom account could be delivered to Canada for safekeeping. It will be about two years before United Kingdom production of plutonium is sufficiently advanced to permit the fabrication of atomic bombs. The United Kingdom is almost certain to insist that a store of atomic weapons should be kept in Great Britain so as to be instantly available in the event of war. These would presumably be the bombs first produced from United Kingdom plutonium. I would guess that as many as four years might pass before it was desired to store bombs in Canada. MacKenzie and Solandt, however, have more complete information than I have and should be asked to check this estimate.

7. Is Canada prepared to cooperate in the provision, equipment and defence of bases for the launching of atomic weapons? An important aspect of the United States proposals is the consideration of methods for the improvement of deliverability of atomic weapons against probable targets in the event of war. This involves not only weapon development, improvement of bomb-carriers, and target intelligence, but also the provision of launching sites and the protection of such sites. It is unlikely that any such sites will, in fact, be requested from Canada at present, since sites more appropriate for launching weapons can be located in the United Kingdom, Alaska, the north eastern United States, and north Africa. Air Vice Marshal Miller can provide fuller information on United States intentions. However, the question of the use of bases in Canada for transit purposes cannot be excluded. The use of such military facilities in Canada might be fitted into arrangements under the North Atlantic Treaty.

8. What should be the form of new tripartite agreement? In order to ensure its effective application by the United States it is almost certain that legislation will be required to override or to amend the McMahon Act. We shall have to be guided chiefly by what the United States representatives consider feasible in view of their political difficulties. A general relaxation of the provisions of the McMahon Act which would give the President authority, in the interests of national security, to collaborate with countries of his choice is not likely to be acceptable to the Congress, which will probably insist that such collaboration be limited to the United Kingdom and Canada. The best solution may be that which was suggested by Kennan to Franks and myself—that Congress should adopt a joint resolution authorizing the President to enter into an executive agreement with the United Kingdom and Canada notwithstanding the provisions of the McMahon Act. This was put forward on a personal basis, and I shall make further enquiries to see if the thinking of the administration has advanced since their recent discussions with the Joint Congressional Committee.

9. The extent of the publicity given to any new arrangement depends in large part on the form of the agreement. If the President can be given authority to make an executive agreement, the intention would be that the contents of this agreement should remain secret, although it would be necessary and desirable to make an announcement in general terms. Such an announcement could make clear the continuity of tripartite collaboration since early in the war, and might relate the continuing arrangements to the North Atlantic Treaty as an example of specialization in the production of weapons by the parties able to carry it out most efficiently. With

my letter to you of October 19th I enclosed a memorandum dealing with the question of public presentation of a new arrangement.¹⁹

10. I have not discussed with the State Department the problem of possible registration of a new agreement under Article 102 of the Charter. I mentioned this to Makins when he was here, and he said definitely that the Foreign Office would not wish an agreement of this character to be registered. I gathered that this expresses a policy which they have acted on in other connections. He pointed out that paragraph 2 of Article 102 contained the only sanction for omission of registration and that this sanction could not conceivably affect the execution of an agreement of the sort under discussion. Ends.

495.

DEA/50219-A-40

*Note de la direction de la liaison de la défense
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], November 8, 1949

ADVISORY PANEL ON ATOMIC ENERGY—NOVEMBER 9, 1949 MEETING

A. Three-Power Partnership

Mr. Robertson wishes to confine the agenda largely to a discussion of the tripartite talks which are to resume in Washington about November 20—not November 14 as we thought last week.

2. Before we left Washington in September, it was agreed that we could not go further until we were sure that we had the approval in principle of our respective governments to the conclusion of what amounts to a partnership for the most efficient production of atomic weapons that the U.K., U.S. and Canada can achieve together. The U.S. officials are obviously as anxious to escape the restrictive clauses of the McMahon Act as the British and ourselves are to have a much greater flow of technical information. There was in Washington a general recognition, expressed quite bluntly by such American scientists as Dr. Bacher, that the U.S. atomic energy programme needed the cross-fertilization of ideas that it could only have by going back to the sort of intimate co-operation that existed during the war and was interrupted by the McMahon Act. Having once had the experience of such a sudden shift in U.S. policy as occurred in 1946, however, the British in particular are most anxious that an agreement for a renewal of the partnership should not take the form merely of a relaxation in the McMahon Act but should be spelt out in some form or other in considerable detail and specifically should give the British and Canadian scientists access to all phases of weapon development and related research in atomic energy in the broadest terms.

¹⁹ Document 493.

3. So far as Canada is concerned, our problem is a great deal simpler than that of the U.K. because we are not making bombs nor, as a matter of policy, do we feel the "need-to-know". We do want a great deal more information on basic research than we have been getting. We also want to expand our atomic energy project by the construction of a second pile. We want to be as sure as we can that the U.S. will buy, at an economic price, the plutonium that our second and larger pile would produce.

4. In more general terms, the proposed partnership on atomic energy weapon development would form an important part of our contribution to the North Atlantic alliance. We have the finest research pile in the world and our production of uranium ore is still second only to that of the Belgian Congo. In research and supply, therefore, we have played an important part during and since the war in the development of the most potent strategic weapon that the North Atlantic alliance now possesses. It is surely in the interests not only of Canada but of our North Atlantic partners that we should continue to contribute our brains, effort and materials to assure that we retain atomic superiority until some form of international control has been agreed upon. The urgency of the race and the secrecy of the weapon are the greatest arguments for integrating the U.S., U.K. and Canadian programmes, and excluding all others from anything to do with weapon development.

5. The partnership proposed will probably involve certain commitments on the part of the Canadian Government. These are discussed in Mr. Wrong's telegram WA-2937 of October 21, a copy of which is attached.²⁰

6. I should like to add a few foot-notes to Mr. Wrong's telegram, point by point, referring to the numbers of his paragraphs:

2. An agreement to employ existing production facilities to their maximum and to limit construction of new facilities in the U.K. will not interfere with the construction of a second Canadian pile. Our plans were frankly discussed in Washington with U.S. and U.K. officials who agreed that we should continue our experiments on a larger scale with heavy water reactors,—experiments which Canada had undertaken at the request of the Combined Policy Committee during the war at a time when the prospect of anything useful being discovered through heavy water piles was not particularly bright. Our second pile will not be regarded as a production pile, although it will be in fact of high power rating, and the U.S. will, we may be sure, continue to buy all the plutonium that we can make and very probably at a favourable price, as the efficiency of our projected pile is greater than the efficiency of any existing U.S. piles.

3. The allocation of raw materials produced in the U.S. and Canada has not been included in the discussion of Congo allocation as it has never come under the terms of the U.S. and U.K. Combined Development Agency Agreement dividing Congo production on a 50-50 basis. Therefor an agreement that the U.S. should receive not less than 90% of raw materials during the next five years refers to the production of materials from sources outside Canada and the U.S.

²⁰ Document 494.

4. We have a major interest in seeing that the partnership does not give us only information on atomic energy weapon development in the narrow sense but that we shall have information on basic research and engineering techniques and civil defence against attack on the atomic weapons, as well as intelligence on Soviet progress. This is particularly important to us as we are not engaged in bomb production.

5. and 6. The question of storage in Canada of bombs made from U.K. plutonium production presents perhaps the most difficult constitutional problem. Presumably the Canadian Government would want to have storage facilities under its jurisdiction and provide the Armed Forces and at least some of the technicians for guard duties and maintenance. My impression in Washington was that the U.K. officials were less interested in this possibility than we might have expected, having in mind the inevitable lapse of time necessary between an act of aggression and a declaration of war by Congress. The idea of storing bombs in Canada was in fact put forward, in the first instance, by the U.S. side who, I suppose, felt that it would appeal to the U.K. officials. Not only is the problem somewhat remote as no facilities could possibly be needed in Canada for several years, but I should think that our existing commitments under the North Atlantic Treaty would make it less likely that the U.K. would be involved in a major war for more than a few days before the U.S. and Canada had also declared war, and in the interval the number of bombs stored in the U.K. for immediate use would probably have been sufficient.

7. The provision of base facilities is even less likely to be an immediate problem, although we might have to enlarge the airfield adjacent to our storage depot to enable U.K. atomic bombers to land, load and take off, if we do agree to provide storage facilities in Canada.

8. We have heard nothing further of the Kennan proposal that the President should be given authority by Joint Resolution of Congress to enter into an executive agreement with the U.K. and Canada which would in effect relax the provisions of the McMahon Act, but we would, presumably, agree to whatever procedure the U.S. found politically feasible.

9. and 10. I think we should give careful attention to the form in which our partnership is presented to the other countries of the North Atlantic alliance and to the United Nations. To our North Atlantic partners we can, I think, carry conviction when we say that the continuation of our wartime programme offers us the best chance of keeping our lead. To the United Nations we should, I believe, have some document setting forth in very general terms the character of the partnership, and this should be registered in accordance with Article 102 of the Charter. To say as the Foreign Office officials do that because the sanction provided in Article 102 is not severe surely does not mean that we would be acting in a manner quite contrary to the Charter if we failed to register our agreement. The secret sections of the agreement can, of course, be put in the form of an annex or any other way that would not need to be registered or made public. I suppose an analogy can be drawn between the registration of the North Atlantic Treaty with the United Nations and the secret military planning that is now going forward.

B. United Nations

7. It may not be necessary or appropriate to discuss at tomorrow's meeting the course of the atomic energy debate which began yesterday in the ad hoc committee of the United Nations. From a policy point of view, the Romulo proposals, of which a copy is attached,† will force a discussion of possible compromise solutions involving a relaxation of the control proposals of the majority plan but no less rigorous inspection. The sort of proposal that is suggested in point 4. of General Romulo's letter would make it impossible to carry on effective research on the power potentials of atomic energy, but it may be considered necessary to forego the benefits of atomic power for peaceful purposes for a number of years in the more immediate interest of securing some scheme on which international agreement could be reached, and the ownership features of the majority plan for control have certainly been the principal stumbling block for the Russians, although I think it is very questionable whether they will ever accept even the inspection clauses of the majority plan. The whole question will require considerably more study from a scientific point of view.

J. GEORGE

496.

DEA/50219-A-40

*Procès-verbal de la réunion
du Groupe de conseillers sur l'énergie atomique*

*Minutes of Meeting of
Advisory Panel on Atomic Energy*

TOP SECRET

[Ottawa], November 9, 1949

1. TRIPARTITE DISCUSSIONS IN WASHINGTON

It was agreed that Mr. Wrong's telegram WA-2937 of October 21 should be taken as the agenda for the meeting, as it covered point by point the major questions of policy on which the Canadian delegation to the tripartite discussions (which began in Washington during the third and fourth week of September) would require at least the preliminary views of the Government before the discussions resume, probably towards the end of November.

The Prime Minister said that he assumed we were prepared to accept the principle that the United States should have primary responsibility for weapons' production and that as great a stockpile of bombs and fissionable material as possible should be achieved by the combined efforts of the three countries. *This was agreed*, after it had been noted that there were differences between the United States and the United Kingdom as to whether production facilities in the United Kingdom should be expanded but that neither the United States nor the United Kingdom would interpret the agreement as implying that the Canadian Government should not continue its experiments with heavy water reactors which had already proved such a valuable research instrument.

2. Raw Materials

The proposal that the United States should receive not less than 90 per cent of available raw materials during the next five years was then considered and it was noted that, under the present U.S.-U.K. agreement, Canadian raw materials were not subject to allocation by the Combined Development Agency. However, our production estimates had been tabled during the September discussions in Washington and had been taken into account in the general estimate made of the available supplies and in the production facilities in relation to military requirements. It was agreed that the United States proposal could be accepted, as sufficient raw materials would be available from Canadian production to supply the needs of our present or projected Chalk River piles, in addition to fulfilling our estimated contribution to United States stocks of raw materials.

3. Information

Dr. Mackenzie and *Dr. Solandt* explained that the proposed partnership would give the United Kingdom full information on weapon production and development. As we were not interested in these phases of atomic energy, we would not need to have our scientists integrated in those sections of the U.S. or U.K. projects, but we would want full co-operation in the field of basic research and intelligence, and we should be given access to information concerning the military characteristics of the latest bomb types for our military and civil defence planning. *This was agreed.*

4. Storage

The Prime Minister wondered whether the U.S. officials responsible for proposing that Canada should undertake to store bombs for the U.K. had not been labouring under a misconception as to Canada's constitutional position that we should be at pains to correct.

Mr. Robertson added that they might have thought of their proposal before they knew of the Soviet explosion and that there might be a fallacy also in their strategic approach; was there now any valid reason why some bombs should not be stored in the U.K.?

Dr. Solandt then said that he thought the U.S. approach had been motivated rather by an appreciation of the delays that might occur before the U.S. could declare war because of their constitutional process, and also, possibly, because the U.S. representatives were aware of the U.K. Government's fears of the unreliability of the U.S. and believed that the U.K. Government might feel more secure if their bombs were stored in Canada instead of the U.S., in spite of the North Atlantic Treaty. The U.S. military representatives, in addition, would not be displeased to see an arrangement made whereby the U.K. would be free to use some bombs in the interval before Congress had declared war.

Mr. Heeney suggested that it might be more acceptable to Canadian public opinion if we were in a position to explain that we should not be storing bombs only for the use of the U.K. but that such storage was in our own interest as well as part of the joint defence programme.

Mr. Howe then said that he could see no reason why, if the U.K. Government were to ask us to store bombs for them in Canada, we should not agree, as we had, for instance, to the storage of picrite.

Air Vice Marshal Miller explained that the U.S. Military representatives in Washington during the September discussions had seen no difficulty in agreeing to U.K. title to bombs which might be stored in Canada, and indeed they had indicated that the U.S. might consider sending some bombs to the U.K. before their production started.

The Prime Minister summed up the discussion by saying that we did not want to make bombs, nor to have title to them, nor to use them. The bombs will be owned by the U.S. and the U.K.; we should let them make the plans to use the bombs in accordance with strategic concepts agreed under the North Atlantic Treaty Organization; if the U.S. and the U.K. Governments found it desirable to store some bombs in Canada, they could ask us to do so and an agreement might be worked out, but it would be better not to have Canada designated, in the agreement to be negotiated now between the three countries, as a custodian of bombs for the other two governments.

5. Bases

The Prime Minister observed that we should avoid the use of the expression "launching sites" as applied to airfields in Canada. He assumed that all that would be required of us in this connection would be the maintenance of certain airfields for possible use by our North Atlantic allies.

Air Vice Marshal Miller said that during the Washington talks the U.S. military representatives had specifically stated that they did not anticipate a requirement for any bases in Canada from which to mount atomic attacks; there might, however, be a need for airfields of sufficient size to serve for emergency landings on atomic bomber routes.

6. Relationship of Atomic Agreement to North Atlantic Treaty

Mr. Heeney stressed the desirability, in our foreign relations, of publicly setting our proposed partnership within the framework of the North Atlantic Treaty and explaining to our Treaty partners that what we were undertaking was a specialized function for the most efficient production of the most potent strategic weapon of the allies. He thought we should be particularly careful to assuage French susceptibilities, as the French were constantly in fear of a strategic concept being agreed between the U.K. and the U.S. Governments which would not place sufficient emphasis upon the defence of the continental countries of Western Europe. *It was agreed* that insofar as possible this important consideration should be borne in mind not only in drawing up the terms of the agreement but in every public statement about the partnership.

7. Registration with the United Nations

The Prime Minister questioned whether the proposed partnership need take the form of a new agreement and he asked whether it would not be possible to consider the partnership as part of our North Atlantic arrangements which had already been registered with the United Nations in accordance with Article 102 of the Charter.

Mr. Robertson pointed out that this course of action might not be feasible, depending on the form in which the U.S. Administration felt it necessary to secure the approval of Congress. If, for this purpose, they had to refer publicly to an "agreement", we might very well have to register with the United Nations some general anodyne form of agreement to which the secret operative clauses could be related but not discussed publicly or registered with the United Nations, as they would form part of the ancillary planning.

8. Delegation

The Prime Minister said that it was not necessary to decide at present the composition of the Canadian delegation to the Washington discussions but that when we had the agenda and had agreed who should go, he would inform the Cabinet.

497.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire du Cabinet*

*Ambassador in United States
to Secretary to the Cabinet*

TOP SECRET

Washington, November 3, 1949

Dear Mr. Robertson:

In my message WA-2937 of October 21st I sought to list the issues on which instructions seem to be required when the tripartite atomic talks are resumed. Yesterday I had a general talk on the subject, at my request, with Mr. Adrian Fisher, Legal Adviser of the Department of State, who has taken over from Mr. Kennan a good deal of the responsibility in this field. He served for some time as General Counsel to the Atomic Energy Commission, so that he has a considerable background on the subject.

I began by saying that what I wanted to talk to him about was not so much the technical issues which were referred to governments for further consideration at the end of September as how we might proceed if, as seemed to me to be likely, these issues were resolved during the next stage of the discussions. I reminded him of my remarks at the last meeting of the C.P.C. about the importance of the publicity aspects of an agreement, its relationship to the North Atlantic Treaty, and the connection between the form and the substance of a new arrangement.

The plan which they favour in the State Department is that which Kennan outlined to the British Ambassador and myself during the September talks. They hope that Congress may be persuaded to adopt a joint resolution permitting the President in fairly general terms to enter into executive agreements for collaboration in the atomic field. To secure the passage of such a resolution, the Joint Congressional Committee would have to know in considerable detail what was contemplated. In debate on the floor Mr. Fisher thinks that they could fairly effectively control the amount of information that became public property. The prospects may be, therefore, that we will end with an executive agreement between the three governments,

with the legal obstacles to its application removed by the adoption of a joint resolution. The executive agreement itself might also be in general terms setting forth the policies accepted by the three governments. Detailed arrangements could be put in the form of annexes to the executive agreement, or perhaps incorporated in the minutes of the C.P.C.

As to the timetable, the party now inspecting the installations in England is due back tomorrow, and Mr. Fisher thinks that they should be in a position to resume the negotiations by about November 15th. I urged that they set a definite date as soon as possible, so that those who will have to attend from outside Washington can receive appropriate warning. Any agreement reached at these talks will still be ad referendum. It may not indeed be possible to put it into final form without another meeting. Here they will first wish to sound out the Joint Congressional Committee, which they probably cannot do before January, and, if all went well, they might get a joint resolution through Congress some time in the second quarter of 1950.

Mr. Fisher fully agreed that it was essential to fit into the concept of the North Atlantic Treaty an arrangement between the three countries looking to the integration of their atomic programs. He thinks—and I am sure quite rightly—that it would be a mistake to try to fit the arrangement into the structure of the Treaty organizations. The language used in the directives issued by the Council, the Defence Committee and the Military Committee covers neatly specialization in weapons production by the three of the parties which are best equipped for the work.

I emphasized to Mr. Fisher the delicate political aspects of using Canadian territory to store atomic weapons for use by the British Government, and said that I considered it necessary that this should not figure in terms as part of an agreement which might eventually become public. I think that one could find without difficulty general language about the importance of strategic considerations in the location of stock piles for inclusion in the agreement.

He remarked that on one point the Joint Committee would probably require very definite assurance before they would contemplate the introduction of British or Canadian scientists into their most secret establishments. This, of course, relates to security clearance. Here, too, I think that there should be no great difficulty about allaying apprehension.

You will have seen Reston's article in the New York Times a few days ago. He did a great deal of shopping around before writing the article, and talked to Mr. Lilienthal, Mr. Fisher, Sir Derek Hoyer-Millar, Mr. Ignatieff and myself, among others. I think—and Mr. Fisher takes the same view—that, except on one point, the article on the whole is helpful. He goes wrong in saying that the British have already promised that there will be no interference in the supply of raw materials to the United States. The British position on this was reserved until they saw how far they were going to get in other connections. There will in fact, I am sure, be no interference even if the negotiations break down, but the British seem to attach more importance to the question of allocation as part of a bargain than I judge it to possess. There were some other inaccuracies in Reston's article, but none of them

is damaging, and the British here are not perturbed about the error which I have just mentioned. I should be glad to learn what progress has been made in Ottawa in considering the issues that arose during the September talks.

Yours sincerely,

H.H. WRONG

498.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3194

Washington, November 22, 1949

TOP SECRET

Following for N.A. Robertson from Ignatieff, Begins:

1. Referring to Mr. Wrong's letter to you of October 19th[†] enclosing a memorandum on the problem of public presentation of any new tripartite atomic arrangements, with particular regard to their relationship to the North Atlantic Treaty, Arneson has now asked whether we might submit a draft paper on this question which could be considered in one of the sub groups of the C.P.C. when the consultations are resumed next week.

2. I have prepared a draft which is contained in my immediately following teletype which endeavours to take into account the comments made at the panel meeting on November 9th, particularly as recorded in paragraph 6 of the minutes. I am sending this by teletype in case you may wish to consult Mr. Wrong on the draft while he is in Ottawa. Ends.

499.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3195

Washington, November 22, 1949

TOP SECRET

Reference my immediately preceding teletype message WA-3194. Draft of memorandum "relationship of tripartite co-operation in the field of atomic energy to the North Atlantic Treaty". Text begins.

1. At the C.P.C. meeting of 30th September, Mr. Wrong made the following remarks—"On the assumption that we succeed in achieving a meeting of minds when we are reassembled at Washington, we should then be prepared to settle the

manner and the extent of the publicity to be accorded to our agreement. This is not a minor matter. We are now engaged with nine other countries in organizing the defences of the North Atlantic area, and we must, I think, be very careful to see that any arrangement on the production of atomic weapons between our three countries is publicly presented in as acceptable a form as possible, from the point of view of the other parties to the North Atlantic Treaty.... I take it that we want to represent such an agreement as a very important contribution to the common security of the North Atlantic Powers and of the free world in general”.

2. The development of the North Atlantic Treaty Organization and of its working principles now permit a more complete consideration of the relationship between the tripartite arrangements in the field of atomic energy and the North Atlantic Treaty. In particular, (in accordance with the directive from the Military Committee of the North Atlantic Treaty to its Standing Group) an overall defensive concept for the North Atlantic Treaty area has been submitted for the approval of the Defence Committee at its meeting on December 1st. One of the principles included in this concept is the following: “A basic principle of North Atlantic Treaty planning should be that each nation should undertake the task, or tasks, for which it is best suited. Certain nations, because of their geographical location or because of their capabilities, will emphasize appropriate specific missions”. Moreover, among the military measures necessary to implement the defence concept is the following “basic undertaking”: “Over-all defence plans must provide in advance of war emergency, for the following basic undertakings in furtherance of the common objective to defend the North Atlantic areas:—(a) Ensure the ability to deliver the atomic bomb promptly. This is primarily a United States responsibility, assisted, as practicable, by other nations”.

3. Thus, any measures of tripartite co-operation agreed to between the United States, United Kingdom and Canada could be represented as one of the basic undertakings provided for under the agreed strategic concept for the defence of the North Atlantic area, taken in implementation of Article 3 of the North Atlantic Treaty which reads:—“In order more effectively to achieve the objectives of this Treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack”. It is, therefore, appropriate to represent the tripartite arrangements in the field of atomic energy to the other signatories of the North Atlantic Treaty, and to the public generally, as a collective and specialized contribution on the part of the United States, United Kingdom and Canada to the common security of the North Atlantic nations and of the Western world.

4. However, in approaching other parties to the North Atlantic Treaty, it would be desirable to represent the tripartite arrangements as:—

(a) Contributing to the “collective capacity” of the signatories to resist armed attack by achievement of maximum efficiency and speed in the production of atomic weapons, and

(b) Not excluding the possibility of sharing information related to strictly peaceful research in the field of atomic energy.

5. As regards (a), there would appear to be no difficulty to persuade the other parties to the North Atlantic Treaty of the necessity of specialization in the field of atomic weapon production, both on the grounds set out in the agreed strategic concept governing the defence of the North Atlantic area, as well as on the grounds of economy. The production of weapons requires such a heavy outlay in capital investment that it is doubtful whether any other parties of the Treaty would be able or willing to sustain a programme of effective atomic weapon production. It would also, however, be desirable to give assurance to countries like France, Belgium (as well as possibly certain countries of the Commonwealth) that their research activities directed to purely peaceful purposes, would not be unduly prejudiced by the continuing partnership with the United States, United Kingdom and Canada in the field of atomic energy.

6. If the above approach to the question of relating tripartite atomic energy arrangements to the North Atlantic Treaty were acceptable to the three countries concerned, it would not be either necessary or desirable to try to fit the arrangements into the structure of the Treaty Organization. Article 3 provides for activity to be undertaken "separately or jointly". Moreover, the North Atlantic Council, at its initial meeting when deciding the Organization be established in implementation of Articles 3 and 5 of the Treaty, stated that "the establishment of this machinery does not preclude the use of other means for consultation and co-operation between any or all of the parties on matters relating to the Treaty". This does not preclude consulting the other parties to the Treaty and this might be done through the Working Party consisting of diplomatic representatives in Washington of the Signatories of the Pact. Such consultation should take place before any agreed statement is put out regarding any tripartite agreement in the field of atomic energy.

7. The terms of any agreement between the three Governments and any possible statement thereon, might state the principle that the continued co-operation between the three Governments in the field of atomic energy is in implementation of Article 3 of the North Atlantic Treaty, and in accordance with the strategic concept agreed to by all parties to the North Atlantic Treaty. If this procedure were followed, moreover, it would not be necessary to register such an agreement under Article 102 of the United Nations Charter, as it could be represented as a particular defensive arrangement under the terms of an international treaty already registered. Text ends.

500.

DEA/201(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2845

Ottawa, November 26, 1949

TOP SECRET

Following for Ignatieff from Robertson. Begins: Your WA-3194 and WA-3195 of November 22, presentation of atomic partnership agreement to our North Atlantic partners.

1. I am in general agreement with your draft text and with the memorandum which Mr. Wrong forwarded with his letter of October 19. If the Defence Committee approves the basic concept of North Atlantic planning so that in the event of aggression the United States and those associated with her in atomic weapon development would retain a free hand for the prompt and most effective use of atomic weapons, whether for tactical or strategic purposes, our problem in relation to our North Atlantic partners will have been largely solved, although I think the question of industrial application may give us trouble.

2. The Belgian Government already has, as you know, an agreement with the U.S. and U.K. to receive the benefit of their industrial research when atomic power becomes a commercial proposition. Now the South Africans have approached the U.K. informally for a similar agreement, on the grounds of their position as potentially a major supplier of raw materials, and this question may be raised informally during your talks in Washington next week.

3. I think that the question of registering a partnership agreement with the United Nations under Article 102 cannot be decided until we see in what form the agreement is to be put to Congress, and exactly how it can be related to Articles 3 or 5 of the North Atlantic Treaty. I should imagine that there is bound to be a great deal of public discussion in Washington about an "agreement" and if this is the case I think we may have to consider having something registered with the United Nations. It might be awkward to contend in the United Nations that all we were doing was implementing the North Atlantic Treaty which has already been registered, when in Washington the Americans were having to request Congressional approval for the new "agreement" although Congress has ratified the Treaty. Ends.

501.

DEA/50219-A-40

*Procès-verbal de la réunion
du Groupe de conseillers sur l'énergie atomique
Minutes of Meeting of Advisory Panel on Atomic Energy*

TOP SECRET

[Ottawa], December 9, 1949

1. TRIPARTITE DISCUSSIONS IN WASHINGTON: THE SECOND ROUND

Dr. Solandt reported on the discussions which were held in Washington from November 28 to December 2. While the first round of these discussions in September had centred upon the ways in which the three countries could co-operate to the best advantage in the various processes of production from ore through reactors, the second round dealt with the production processes from plutonium to the finished bomb. The course of both discussions was similar; the United States representatives appeared to be reluctant to discuss the technical basis for their proposals except in the most select technical group and progress at the larger meetings had therefore been impeded by lack of information from the U.S. side which was amply corrected when the technical representatives met by themselves.

In the recent discussions, the U.K. had formulated their counter-proposals to those put forward by the U.S. representatives in September. Dealing first with the "ore through reactors" processes, the U.K. memorandum proposed the cancellation of their third production pile but the retention of their L.S.D. plant for the sake of completeness in their programme of production of fissile materials. This part of the memorandum, with the exception of the L.S.D. plant, was acceptable to the U.S. officials. What they could not accept was the second part of the U.K. memorandum proposing that the U.K. should continue, at least on a modest "pilot" scale, to develop bomb production facilities at all stages.

The U.S. objections to the second part of the U.K. proposals were emphatic and at first obscure, but were explained in the technical discussion. The U.S. Project had put a large proportion of its effort during the last three years, and spent \$150,000,000, in developing facilities which were now adequate for the production of bombs at a rate capable of re-equipping the entire stockpile with improved models in a few months. United States strategic thinking was premised on the availability of the entire stockpile of bombs of the latest type to meet an emergency. If the U.K. were to proceed with their production programme, even on a pilot scale, they would be wasting effort in solving production problems that the United States had already solved and their scientists would have to begin by virtually making bombs by hand. It would be to the advantage of all three countries to pool their research efforts and their combined knowledge, for so many paths of research were opening up that no one country could pursue them all. The U.S. technical officials readily admitted that the essence of the proposed bargain, from their point of view, was to be able to borrow a number of the top U.K. and Canadian scientists because they were not making as much progress by themselves as they believed was essential in order to maintain their lead in atomic matters over the U.S.S.R. If facilities for

bomb production were to be developed in the United Kingdom, it would obviously be impossible for the top U.K. scientists to work full time in the United States.

The bargain on which agreement had tentatively been reached by the small technical group was therefore essentially one that promised to give the United States better bombs. The U.K. would receive in return not only better types of bombs but more of them than could possibly be manufactured in the United Kingdom, if they relied on their own production alone. From the Canadian point of view, information on any aspect of atomic energy would be available to us and we would be contributing basic research data which could only be obtained by the use of the high neutron flux pile at Chalk River. The possibility of storing bombs in Canada might be discounted as an immediate problem, *Air Vice Marshal Miller* added, as the United States were prepared, in the event of an agreement, to store in the United Kingdom at least as many bombs as the U.K. Government considered essential for their security, but the problem will arise when the United Kingdom has title to more bombs than can be stored in the U.K. in accordance with agreed strategic concepts.

In answer to the *Prime Minister's* question, *Dr. Solandt* said that all three countries would have access to each other's research on industrial development and that the U.K. would keep sufficient quantities of its plutonium production for industrial research purposes and would also get from the United States adequate amounts of U.235.

Mr. Howe commented that the prospect was a very encouraging one for Canada. At comparatively small cost, we had developed a unique place in the atomic world by concentrating on our own line of research rather than trying to compete in production. The *Prime Minister* added that we were in the fortunate position of being able to contribute to the development of atomic energy to strengthen the North Atlantic Treaty, but our investment was calculated at the same time to bring us the greatest return in terms of the development of our industrial strength in time of peace.

2. Relationship to the North Atlantic Treaty

The *Prime Minister* asked whether any progress had been made in considering how the proposed tripartite partnership should be related to the North Atlantic Treaty. It was pointed out that, although there had been no further discussion on this particular question in Washington, the Defence Committee meeting in Paris had approved the Basic Strategic Concept of the North Atlantic Treaty countries, in accordance with which it was the responsibility of the United States to ensure the ability to deliver atomic weapons promptly in the event of war. Only the Danish representatives had raised any objection and then only on the grounds of reference to atomic weapons as such. Our partners in the North Atlantic Treaty were evidently prepared to accept U.S. primacy in this field and the U.S. was, of course, free to collaborate closely with the U.K. and Canada for the development of the greatest deterrent to aggression which the alliance possessed.

Dr. Solandt said that the State Department now seemed to be prepared to give more sympathetic consideration to the U.K. suggestion that more information on

atomic matters should be given to such countries as France and Belgium in view of our North Atlantic partnership with them.

3. *Third Round of Washington Talks*

Mr. Robertson drew the attention of the Panel to a telegram which had just been received from *Mr. Wrong* stating that talks were expected to be resumed in Washington about December 20; they would again be regarded as exploratory and it was hoped that an agreed statement of considerations and principles which would govern the continuing tripartite relationship in the field of atomic energy would be drawn up for consideration by the three Governments. It was hoped that the forthcoming meetings in Washington would conclude with a formal meeting of the Combined Policy Committee at which agreement would be recorded (a) to allocate the entire production of the Belgian Congo for 1950 to the United States with the provision that the small estimated surplus over U.S. requirements would be shipped to the United Kingdom at the end of the year, and (b) as to the statement of principles which would govern a tripartite partnership for weapon development.

The *Prime Minister* stated that he saw no difficulty in resuming the discussions which he thought were developing on lines satisfactory to the Government.

4. *The Desirability of a Second Canadian Pile*

Dr. Mackenzie mentioned, as he had at the previous meeting of the Panel, the vulnerability of our atomic position, depending as it does on one pile at Chalk River which may continue in operation for some years to come, but which, on the other hand, might wear out unexpectedly or become unserviceable through accidents which it is not always possible to prevent or foresee. Our advantageous position in the present tripartite discussions and indeed our international prestige as one of the leading pioneers in the atomic age, were dependent on the continuation of our research and development programme. If we were not to plan for the construction of a second pile to supplement and eventually to take the place of our present pile at Chalk River, we would, he believed, be open to very legitimate criticism.

We were at present able to get three times more plutonium out of our rods at Chalk River than was possible in any pile in the United States. We had just concluded our first sale to the United States of ten rods at an economic price. There was every prospect that if we were to build a second heavy water pile, we should be able to amortize the capital in seven years and recover most of our operating expenses as well, all in U.S. dollars.

Mr. Howe added that we were also doing well financially from the operations of Eldorado which had shown a substantial profit last year, most of which had been reinvested in further development.

Mr. Howe and *Dr. Mackenzie* pointed out the weakness of our position also in respect to heavy water production. The only large scale plant is at Trail, B.C. It is operated by the Consolidated Mining and Smelting Company, but owned by the U.S. Government; we are therefore buying the heavy water we need at Chalk River from the United States. There would be advantages in reaching an agreement with the Company to sell us direct, and possibly at a lower price, the comparatively small quantities which we need, but agreement was only likely to be reached on the

basis of a long-term contract which would only be assured if we were going to build a second pile.

Mr. Howe noted that the Manhattan District Project during the war had made available to us twenty tons of heavy water (about two million dollars worth) to set our Chalk River pile in operation.

502.

DEA/201(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, December 13, 1949

Mr. Robertson sent you yesterday a copy of the Minutes of last Thursday afternoon's meeting of the Advisory Panel on Atomic Energy, which you were unable to attend as our estimates were coming up in the House.

Although the latest information we have received from Washington is that the State Department would like to call a meeting of the Combined Policy Committee in Washington before Christmas and have suggested tentatively December 20, I think that a date between Christmas and the New Year, or even as late as the first week of January, may be more likely. We have not yet received from the State Department the Minutes of the technical meeting in Washington held on December 2. These Minutes were to outline the basis of agreement which had been reached among the technical officials and, if provisionally approved by Governments, would be written into the record of the next formal meeting of the Combined Policy Committee. As you will have seen from the Advisory Panel Minutes, the Prime Minister is satisfied with the course of the Washington discussions. The bargaining between the United Kingdom and the United States has been hard; our position throughout has been one of interested neutrality, as we do not make bombs and do not need to know how they are made. Our major interest is to see that the negotiations do not break down, as we stand to gain a great deal from any sort of agreement within the framework of the discussions which have been proceeding.

A.D.P. H[EENEY]

503.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3428

Washington, December 16, 1949

TOP SECRET

Tripartite atomic negotiations.

1. During a discussion on December 14th with Mr. Acheson and Sir Oliver Franks we reviewed the present status of these negotiations and the prospect of a satisfactory agreement being reached. Mr. Acheson expressed his personal interest in the matter and his hope that an agreement would be concluded. He said that he would have a difficult time with Congress and that it was essential before he opened discussions with the Joint Congressional Committee that there should be a complete understanding between the three countries on the principles which they were prepared to apply. He considered it necessary that the McMahon Act should be amended if a satisfactory arrangement were to be concluded.

2. He referred to the need for settling the allocation of raw materials during 1950 before the session begins. The estimates are that production during 1950, if the Congo output goes to the United States, will more than maintain the American pipeline and reserve stocks, with a small surplus of 131 tons at the end of the year. We agreed that, in fact, the production was bound to go to the United States, and Franks undertook to urge on his Government that they should promptly agree to this. This would in effect continue the present *modus vivendi*, except that the British want the arrangements for possible earmarking and shipment of unallocated stocks in the United Kingdom to be dropped. Unless there is a breakdown in Congo production (in which case the situation would obviously have to be reviewed in any event), there would be no occasion to earmark or ship stocks in the United Kingdom during the year.

3. It was suggested that progress towards a new agreement might best be made if the position were reviewed, possibly between Christmas and the New Year, by a very small group, including Acheson, Franks, myself, and not more than two or three others. The purpose would be to decide whether an agreement could be reached and what its general nature would be, after Franks has received fresh instructions from London on the proposals developed by the experts at the last meetings. If technical questions arose, they could be referred to small expert groups.

4. Franks tells me today that he has heard from London that there are unresolved differences between the Ministers concerned on the acceptability of the latest proposals. He is urging that the proposals should be accepted, provided that they are regarded as ensuring full access to information in the United States, and provided

that they would not preclude some experimental research in the United Kingdom on atomic weapons or their parts.

5. Acheson for the first time alluded on the 14th to the length of a new agreement, suggesting that a term of between five and ten years might turn out to be the most acceptable period. He added that it might help him if the whole agreement did not terminate at the same time. For instance, arrangements for allocation of raw materials might run for a different period from those covering exchange of scientists and of information.

6. I shall be glad to know whether you consider that the discussion on December 8th in the Atomic Advisory Panel covers the ground sufficiently to constitute instructions for me if the meeting with Acheson and Franks takes place before the end of the month.²¹ The date of the meeting, however, depends on what is decided in London.

504.

DEA/201(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3537

Washington, December 31, 1949

TOP SECRET

Following for N.A. Robertson from Wrong, Begins: Your EX-3042 of December 24th.†

1. The British have now produced a lengthy working paper entitled "United Kingdom Draft Proposals for Future Tri-partite Co-operation". This was given preliminary consideration at an informal meeting yesterday afternoon attended only by Franks, Acheson, Fisher and myself. Ignatieff and I had previously gone over the paper with Franks, at his suggestion, to see whether we thought it might provide a basis for an agreement. It was given to Acheson only a day before the meeting and has not yet been seen by others except three or four people in the State Department.

2. The paper is a lengthy document, designed to cover the whole field and incorporating a good deal of material prepared in the technical groups during the talks in September and December. It was drafted by Makins and has received the approval of the United Kingdom Ministers. We shall forward copies by bag next week. The main change from the previous United Kingdom position is that it accepts the concept of an integrated weapons production programme, with the reservation mentioned below in paragraph 5. It appears to us to be acceptable to Canada, subject to one or two alterations and additions.

²¹ La réponse d'Ottawa était d'accord avec ce point de vue (secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis, EX-3042, le 24 décembre 1949, DEA/201(s)†).

Ottawa's reply concurred with this view (Secretary of State for External Affairs to Ambassador in United States, EX-3042, December 24, 1949, DEA/201(s)†).

3. Yesterday's discussion was for the purpose of deciding whether this paper furnished a reasonable basis for further negotiations. Acheson began by rehearsing his discussions with the Joint Congressional Committee. He said he had found the Committee critical and unreceptive until he advanced the argument that a combined operation would produce better results more rapidly. Any agreement must, therefore, make it clear that its effect would be the production of a larger stockpile of better atomic weapons.

4. Franks said that the United Kingdom had now surrendered its original conception of two related but separate weapons programmes. This was a major change in attitude. It was essential that the United Kingdom, in giving up its plan to produce atomic weapons during the next five years, should be assured that the agreement would not be overset by Congress later on and that the United Kingdom would receive from the United States weapons approximately equal in number to those it might have been able to fabricate itself from its own production of fissile material, since an integrated programme made them dependent on the United States for a vital weapon. While the United Kingdom domestic political problems were less complex than those Acheson faced, there was nevertheless agreement among all political parties that national security must be protected in this manner.

5. Acheson then raised two or three questions arising from his first reading of the British paper. These centred around the definition of the United Kingdom programme. One paragraph, dealing with large-scale production of fissile material, suggests that each country should be free to vary its programme on due notice to the C.P.C., "within the raw materials available to it." In another section, dealing with weapons fabrication, which begins by accepting an integrated programme, provision is made for the United Kingdom to continue its atomic weapons research establishment for work on parts of the programme in the common interest, and also "to take up any particular development, provided that these developments did not prevent the secondment of an adequate staff of scientists to serve in the United States". Franks thought that the United Kingdom wished to be free to build a third pile, if this seemed desirable, and to vary its plans for the construction of an L.S.D. plant, without increasing its demands for raw materials. He thought also that the reference to development in the quoted extract meant that some projects might emerge from the British research establishment which they would wish to carry beyond the research stage, but that the proviso was not intended to make possible the fabrication of complete weapons. These points will have to be more exactly defined.

6. There was also some discussion of the proposal that the United Kingdom should receive, for its own use, weapons equal in number to those which could be fabricated from plutonium produced in the United Kingdom. There is a proposal that a stockpile in the United Kingdom, to reach a total of twenty bombs, should be started as soon as significant quantities of plutonium produced in the United Kingdom are delivered to the United States. Acheson suggested that the size and location of any such stockpile would have to be guided by combined strategic plans, but did not object to the idea.

7. The paper also proposed that "the remainder of the United Kingdom stock of weapons will be stored in Canada and held there at United Kingdom disposal". This would apply to weapons above twenty produced from United Kingdom plutonium. I said that this should be put in more general terms, explaining that such a scheme could not begin to operate for three or four years, and this was too far ahead to make a firm commitment desirable or necessary. We were not anxious to have any bombs stored in Canada, but I thought the Canadian Government would accept it as a possibility if later it seemed to be in the common interest. General language; however, should be used.

8. Acheson said that if he were able to sell the scheme to the Pentagon, the A.E.C., and particularly the Joint Committee, the main agreement would probably have to be expressed in clear and brief terms and approved by both Houses of Congress. Under it, detailed secret arrangements could be made. The central agreement would be a public document and probably would have to be registered with the United Nations. There would be enormous difficulties in drafting it and getting it through.

9. I mentioned the necessity of relating the arrangements to the North Atlantic Treaty in the agreement itself. This was accepted by the others with little discussion. I also mentioned the length of the agreement, which the British suggested should last until the end of 1955. This was accepted as a reasonable term, Franks making the point that the commitment to provide the United Kingdom with weapons made from its own plutonium had to be as binding as possible.

10. The discussion went well, and at the end of it Acheson said that they would proceed at once to consult the Department of Defense and the A.E.C. in the hope of having a further discussion of the same sort by the end of next week. The chief purpose of this method is to get the general outlines fixed between the three Governments before the experts are summoned again from London and Ottawa to study the details. Ends.

3^e PARTIE/PART 3

EXPORTATION D'ISOTOPES RADIO-ACTIFS EXPORT OF RADIOACTIVE ISOTOPES

505.

DEA/14002-2-4-40

*Note de la direction de la liaison de la défense
au secrétaire du Cabinet*

*Memorandum from Defence Liaison Division
to Secretary to the Cabinet*

SECRET

[Ottawa], April 28, 1949

RE: EXPORT OF RADIO-ACTIVE ISOTOPES

Shortly after the United States Atomic Energy Commission had announced their plans for exporting isotopes, Mr. Howe and Dr. Mackenzie held a press conference

at which, according to the *Gazette* report of September 5th, 1947, Mr. Howe was quoted as saying that Canada would have no objection to exporting isotopes at prevailing world prices.

At the next meeting of the Advisory Panel, on September 26th, 1947, it was agreed that the Atomic Energy Control Board should establish conditions for the export of isotopes from Canada similar to those laid down by the United States Atomic Energy Commission for export from the United States.

For various reasons connected with production at Chalk River, the Atomic Energy Control Board have had to postpone action on an isotope export programme, but they are now ready to go ahead and the Secretary, Mr. [G.M.] Jarvis, has written to me (letter attached)† asking whether we have any objection to their proposed plans.

The Board's proposals follow very closely the United States practice. There would be no discrimination against any nation prepared to comply with the conditions laid down, but these conditions include a clause declaring that the recipient country would undertake that institutions where the isotopes will be used may be visited by qualified scientists without regard to nationality. The United States Atomic Energy Commission have found that in administering their regulations, no Soviet or satellite country has been prepared to accept this inspection clause (2 (d) in the memorandum attached to Mr. Jarvis' letter).

Foreign countries making requests for our isotopes would have to appoint a representative in Ottawa (usually a member of their Mission here) to deal directly with Chalk River; External Affairs would not be involved in the administration of the export programme.

I have discussed with Mr. Jarvis the draft Note to the State Department which is attached to his letter, and he has agreed that it would be better, in view of the lapse of time, to omit reference to the procedure for obtaining isotopes for Chalk River from the United States, which is now well established. We agreed that External Affairs should simply send, to all our Missions abroad and to all foreign representatives in Ottawa, notification of the readiness of the Canadian Government to export isotopes and the procedure to be followed by foreign Governments wishing to applying for them. Do you agree?

I think we have sufficient authority, on the basis of the decision of September 26th, 1947, and Mr. Howe's statement to the press a few days earlier, to put the export programme into effect. If you approve, I shall inform Mr. Jarvis that his draft memorandum on export procedure is satisfactory.

Mr. Jarvis will let me have a draft Press Release for Mr. Heeney's and your approval, and I suggest we might use this as the basis of our circular to our Missions abroad and to foreign representatives in Ottawa.²²

Mr. Heeney has seen this memorandum and approves.

J. GEORGE

²² Le 10 mai 1949, le Groupe de conseillers sur l'énergie atomique fut d'accord avec la recommandation du Dr. C.J. Mackenzie à l'effet de différer toute annonce. Enfin de compte le Comité de contrôle de l'énergie atomique publia un communiqué de presse le 9 décembre 1949 après en avoir remis copie au haut-commissaire britannique et à l'ambassadeur américain.

On May 10, 1949, the Advisory Panel on Atomic Energy agreed with the recommendation of Dr. C.J. Mackenzie to defer any announcement. Eventually the Atomic Energy Control Board issued a press release on December 9, 1949, with advance copies given to the British High Commissioner and the American Ambassador.

CHAPITRE VII/CHAPTER VII
RELATIONS ÉCONOMIQUES INTERNATIONALES
INTERNATIONAL ECONOMIC RELATIONS

PREMIÈRE PARTIE/PART 1
DÉVALUATION DU DOLLAR CANADIEN
DEVALUATION OF CANADIAN DOLLAR

506.

L.S.L./Vol. 225

Note du ministère des Finances
Memorandum by Department of Finance

SECRET

[Ottawa], September 15, 1949

1. If the pound goes down by 30% in relation to the U.S. dollar, and if other currencies around the world are adjusted to the new position, what should we do?

2. There are only two choices. First, we might try to stay at par with the U.S. dollar. Second, we might revalue our dollar at some level between the U.S. dollar and the pound.

3. If we choose the second course there is everything to be said for moving our dollar down 10% in terms of the U.S. dollar. This level is indicated both by economic and financial considerations and also by the provisions of the International Monetary Fund.

4. The problem can be discussed under the following heads:

- (a) Continuity of government policy;
- (b) The position under the International Monetary Fund;
- (c) Stability of exchange rates;
- (d) Competitive positions;
- (e) Gold mining;
- (f) What people expect.

Continuity of Government Policy

5. The present government has, in the past, resisted pressure to write the Canadian dollar down by 10%. This may be advanced as an argument for continuing to keep our dollar at parity with the U.S. dollar.

6. On the other hand, devaluation of sterling by 30% is such a big change that it surely releases us from any previous commitments. In fact, people who have agreed with government policy in the past might conclude that, if we did not change our dollar under these circumstances, we were clinging to our present dollar-parity out of sheer inertia or pure stubbornness.

7. Finally, the government argument in the past has been based on three factors, all of which will be completely changed by a 30% devaluation of sterling. These three factors are:

- (i) The position under the Fund;
- (ii) The stability of our dollar;
- (iii) The satisfactory competitive position of Canadian industry.

The way in which each of these will be changed by the fall of sterling is discussed in the following sections.

The Position under the International Monetary Fund

8. Under the Fund Agreement we cannot even propose a movement of our exchange rate unless our balance of payments is in "fundamental disequilibrium". This has not existed in the past; the Canadian dollar was one of the strongest currencies in the world. Other Member countries, therefore, would have regarded unilateral devaluation of our dollar as a most unreasonable proposal.

9. With sterling devalued by 30%, it is very reasonable to argue that we face "fundamental disequilibrium" if we stick to parity with the U.S. dollar. This point is elaborated below.

10. We are allowed by the Fund Agreement to proceed with a devaluation of 10% without discussing the matter with the Fund authorities; we simply tell them what we are doing. If we go beyond 10% (either at one jump or after a series of steps) we must get the Fund's agreement. It is, therefore, better and quicker to operate under (i). This is a telling argument for devaluing 10%, but not more than that.

Stability of Exchange Rates

11. It may be argued, in favour of sticking to parity with the U.S. dollar, that this gives continued "stability" to our dollar.

12. This stability is, however, largely an illusion. There can be no such thing as real stability for our dollar when the two major currencies shift in terms of each other. If we stick to one we move in terms of the other; it is unavoidable.

13. Historically, each major currency has been about equally important in our trading and financial relationships. It is no accident that, when exchange rates were free to fluctuate during the 1930's, the Canadian dollar generally moved "half-way between" the pound and the U.S. dollar. Nowadays our relations with the U.S. dollar are on balance more important. It is, therefore, reasonable to stay "closer" to the dollar than to the pound. This rather suggests a policy of moving (say) 10% down in terms of the U.S. dollar and 20% up in terms of the pound. For us this may be our best approach to "stability".

Competitive Positions

14. When a country writes down its currency its producers are normally put in a stronger competitive position. They can "undersell" foreign producers, both in their home market and abroad.

15. This competitive advantage, of course, is often merely a "temporary" one; it only lasts until the effects of depreciation have "worn off". The effects wear off when wages and other costs rise sufficiently to offset the initial advantage. This

may take years. It depends in large measure on the behaviour of trade unions—especially in a highly industrialized country like the United Kingdom.

16. Depreciation of the pound in terms of the U.S. dollar improves the competitive position of U.K. producers vis-à-vis U.S. producers in *all* markets where their goods compete. Canada is one of those markets. Indeed the U.S. and the U.K. are the two biggest external suppliers of manufacturers to our market. Thus depreciation of the pound will let some British goods push some U.S. goods out of our market. This is doubly desirable; our dollar-imports from U.S. are cut down; our sterling imports from U.K. are increased.

17. All this happens irrespective of the level at which we decide to put the Canadian dollar. The position of our dollar affects, not the relative competitive position of U.S. and U.K. producers, but the competitive position of our own producers in relation to them. It affects the position of our producers both in our own home market and abroad.

18. Take first Canada-U.K. competition. This competition takes place chiefly in the Canadian market—not in the U.K. or in other markets abroad. It is chiefly, almost entirely, in the field of manufactured goods sold in Canada. To the extent that our dollar follows the depreciation of sterling it wipes out the competitive advantage of U.K. producers vis-à-vis our own producers. It does not, however, wipe out the competitive advantage of U.K. vis-à-vis U.S.

19. Next, take Canada-U.S. competition. Unlike the Canada-U.K. competition, it is not virtually restricted either to the Canadian market or to manufactured goods. There is competition of many types in many markets: in manufactures and in forest products and in base metals and in agricultural products; in Canada, in U.S.A., and in other parts of the world. Surely depreciation of our dollar by 10% would give us a competitive advantage in all these fields.

20. It is clear from the two preceding paragraphs that a 10% depreciation of our dollar is much more significant in relation to our dollar-trade than to our sterling-trade. The former trade is much larger, and depreciation directly affects a much larger proportion of it.

21. While we would like to give U.K. producers every advantage under present circumstances, we cannot afford to ignore the position of our own producers, especially those on whom we depend for our earnings of U.S. dollars. Our outlook for dollar earnings is not too bright; the U.K., from whom we always receive a large part of our dollar supplies, is cutting down her purchases from us because she is so short of dollars. In this position a 10% devaluation of our dollar should prove of very real value to us; it checks our imports from the south—makes them more expensive; it encourages our exports in that direction—makes them more profitable. Surely we should not refrain from this step merely because it will eliminate some of the advantages that the U.K. producers will be getting in our market. (It eliminates none of their new advantage vis-à-vis U.S. producers and only eliminates one-third of their new advantage vis-à-vis our own producers).

22. To sum up: if the pound goes down 30% and our dollar goes down 10% the following positions result:

(i) The U.K. manufacturer has a 30% advantage over the U.S. manufacturer in the Canadian market (and elsewhere);

(ii) The U.K. manufacturer has a 20% advantage over the Canadian manufacturer in the Canadian market (and elsewhere);

(iii) The Canadian producer (manufacturers and others) has a 10% advantage over the U.S. producer in the Canadian market (and elsewhere, including the U.S. market).

23. This appears to be a satisfactory trading position, from the point of view of ourselves and others concerned, and is probably as near to a position of "fundamental equilibrium" as we could get.

Gold Mining

24. Our gold mining industry would get a 10% advantage from a 10% write-down of our dollar. This would last until it wore off as a result of increasing costs of labour, materials, etc.

What People Expect (or: How Expectations can be the Chief Cause of their own Confirmation)

25. Almost everybody, surely, will expect the Canadian dollar to move when sterling moves.

The financial people will expect it; they will know that, historically, our dollar has hung half-way between the two major currencies.

The business people will expect it; it makes sense in terms of our trading position both with the U.S. and the U.K.

The gold miners will expect it; they want it.

These expectations cannot be ignored.

26. If sterling goes down and our dollar stays fixed temporarily, everyone will expect our dollar to go down soon. Everyone abroad who has to buy Canadian dollars—for any purpose—will delay, hoping to get them cheaper. Everyone in Canada who has to buy foreign currencies—U.S. dollars or sterling or anything else—will do it as quickly as he can, fearing that those currencies will soon be more expensive. Thus F.E.C.B. becomes a one-way street; all outlet and no inlet. And so our reserves start to fall.

27. This soon becomes known; our next public announcement of our reserve position has to be made at the beginning of October. Everyone is then confirmed in his conviction that the Canadian dollar will soon have to be written down. A new set of expectations is set up; the circle starts another turn.

28. And so it is likely to go—round and round—self aggravating—a downward spiral—until we, like the U.K., eventually slip over the brink into devaluation. Meanwhile, we lose precious reserves. We would do well to write them up (writing down the value of our dollar in terms of them) at the outset. When we do so we make a nice paper-profit.

29. "If it is done when 'tis done, then 't'were well it were done quickly".

507.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, September 16, 17, 19, 1949

CANADIAN DOLLAR; ESTABLISHMENT OF PAR VALUE

1. *The Minister of Finance* read a communication that had been received from the U.K. Prime Minister concerning the action to be taken by his Government in regard to devaluation of the pound sterling.

2. *Mr. Abbott* gave a chronological resume of developments from the first intimation of such action through to the discussions which had taken place recently in Washington.

(Top Secret and Personal message, Prime Minister to Prime Minister, Sept. 16, 1949)†

3. *The Cabinet*, after considerable discussion, agreed that the par value of the Canadian dollar be reduced by 10 per cent effective September 20th, 1949, and that Orders in Council be passed:

(a) under the Bretton Woods Agreement Act, 1945, to fix the par value of the Canadian dollar for purposes of the International Monetary Fund at one Canadian dollar equals .90-10/11 U.S. dollar of the weight and in effect on July 1st, 1949; and

(b) under the Foreign Exchange Control Act, to revoke Order in Council P.C.1910 of April 29th, 1948, and to prescribe rates of exchange between Canadian currency and currencies of the United States and of the United Kingdom.

(Orders in Council P.C.4810 and 4838, Sept. 19, 1949)†

508.

DEA/50011-90

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2572

Washington, September 19, 1949

TOP SECRET

Following for the Prime Minister and Mr. Abbott from Pearson, Begins:

1. On Saturday I had a few words with Mr. Acheson and Mr. Bevin on the Canadian exchange position, in the light of the Cabinet decision reached that morning. The latter was disappointed that we were not taking action at once to devalue, but he made it clear that he was thinking of the effect of our decision on the price of their wheat, rather than its effect on the general United Kingdom-Canadian position. Mr. Acheson, on the other hand, expressed pleasure and some surprise, hoped

that we would be able to stick to our position, but indicated that any decision to devalue to a moderate extent would not be misunderstood here. Later on Saturday Mr. Acheson mentioned the Canadian position to Mr. Snyder, and subsequent developments indicated that the Secretary of the Treasury may have drawn rather unwarranted conclusions that we were not proposing to take any action of any kind for an indefinite period. Word from Ottawa on Sunday indicated that a decision would, in fact, require to be made very soon, possibly Monday, and this, when coupled with the change made in the statement to be issued by Mr. Abbott on Sunday and which was telephoned to me, made it desirable to correct any impression which may have been left in the minds of *any* Americans that we had made a decision to remain at par with the United States dollar.

2. Mr. Rasminsky took the necessary steps to this end with United States and fund officials with whom he had been discussing the Canadian position. (Mr. Gutt,¹ incidentally, had already told him that, in his opinion, we would soon be in a mess if we tried to stay at parity.) I then telephoned Mr. Acheson, who was in the country and asked if we could see him. He was good enough to invite Mr. Wrong, Mr. Robertson and me to his farm and we had a useful talk with him there last night. We discussed with him some of the implications, especially as they related to the Canadian United States position, of any decision in Ottawa to hold the dollar at parity. At the same time we emphasized that no decision had been taken. We added that some decision could not now be postponed for long, might have to be taken in fact on Monday and might in fact result in a ten percent devaluation. Mr. Acheson had not given much consideration to that position, or indeed to the effect generally of sterling devaluation on the whole United States economic picture. Our effort, therefore, to explore this aspect of the matter, to see what effect Canadian devaluation action would have on the position here, political and economic, was not very fruitful. However, we were all quite satisfied that if we decide to take devaluation action of the kind indicated, the Administration here would not be particularly disturbed by it, while, on the other hand, if we decide to hold the line there could be no assurance of action on the American side which would assist us in maintaining that course, however satisfactory such a course might be to them. Mr. Acheson was friendly, but quite non-committal as to the possibility of any United States co-operation which would ease our position if we remained at par. My own view is that, in this, he was reflecting the general feeling here; that little thought had been given to the Canadian situation and that we cannot expect any action from Washington which would make it easier for us to come to a decision now, one way or the other, or to hold the line later, if we decide to take that course.

3. Talks which Mr. Robertson and Mr. Rasminsky have had over the week-end with United States and United Kingdom officials reinforce the conclusions reached above. In particular, Mr. [Frank A.] Southard, the United States Executive Director on the Fund, told Mr. Rasminsky last night that in the Treasury they would quite understand it if we were forced to devalue by ten percent and would not be disturbed by it. This opinion was also expressed to me by Mr. Snyder this morning

¹ Camille Gutt, directeur à l'administration, Fond monétaire international.
Camille Gutt, Managing Director, International Monetary Fund.

when I had a few words with him before leaving. He said, "if you should decide to devalue by 10 percent, we think that this would be entirely logical and we would not be disturbed by it". It is also fair to say, however, that both Mr. Acheson and Mr. Snyder would be happy if we decided to remain at parity, but we must not, I think, expect any assurances from them of United States action which would make it easier to maintain that position if pressures against it developed. Ends.

509.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2575

Washington, September 19, 1949

SECRET

Following for the Minister of Finance from Rasminsky, Begins: The following is the text of the statement which I shall make to the Executive Board of the International Monetary Fund if appropriate instructions are received from you, text begins:

The Minister of Finance of Canada has today advised the Fund in a communication transmitted by the Canadian Ambassador to the United States of the proposed change in the par value of the Canadian dollar and of his authorization to me to present the reasons for the action which the Government of Canada expects to take.

The Fund is well aware of the great part played by international trade in the economic life of Canada. Our situation is such that we are bound to be deeply affected by changes in the exchange rates of other countries which are important factors in world trade, as well as by the relationship of Canadian price levels to those prevailing in our most important markets and sources of supply.

The events of the past few years have clearly indicated how strongly the Canadian position is affected by changes in external circumstances. It will be recalled that Canada's current international transactions showed only a small surplus in the calendar year 1947, and that in the latter part of the year there was probably a deficit. A substantial surplus was achieved in 1948, as a result of import restrictions and the expansion in exports, the latter being helped by the buyers' market that continued to prevail during the greater part of the year.

At the beginning of 1949, it was clear that Canada's current account surplus would be sharply reduced from the 1948 level, and as events have unfolded, the prospective size of the surplus has progressively declined. It is now estimated that for the year as a whole there will be only a small surplus on current account.

The prospects for 1950, so far as they can now be appraised, do not indicate an improvement in this trend. Any further adverse development in our external trade, either in respect of prices or physical volume, would create a deficit in our current international accounts, even though import restrictions of considerable scope are still in force.

The substantial devaluation of sterling and other currencies which the Fund has already approved, and the further devaluations now in prospect, have implications in regard to our balance of payments position which cause my Government serious concern. It follows that such developments have major implications for Canadian exchange policy, whether this is analyzed with reference to historical precedent or to the prospective effect of the major exchange rate adjustments now taking place, in decreasing Canadian exports and increasing Canadian imports. In these circumstances, my Government is of the opinion that maintenance of the par value of the Canadian dollar at its present level would result in a fundamental disequilibrium.

The Canadian Government does not wish to reduce the par value of its currency to any greater extent that it believes to be essential to mitigate the effect on Canada's external and internal position of the much larger degree of depreciation which is taking place in a number of other countries, and to maintain fundamental equilibrium. While it is not yet possible to be precise in regard to the number of countries which are or shortly will be proposing a change in the par values of their currencies, nor regarding the exact scope of the changes which will take place, my Government feels that the realignment will extend over an area in which Canada conducts a very important part of her trade, and that it will be large enough in extent to have serious repercussions on Canada's position. The effects will be felt not only directly in Canada's trade with the countries which devalue, but also indirectly since many of these countries are important competitors with Canada in trade with third countries.

Taking all considerations into account, the Canadian Government has decided that the change in the par value of the Canadian dollar referred to in the communication made to the Fund today by the Minister of Finance is necessary in order to help to correct a fundamental disequilibrium. Text ends.

2^e PARTIE/PART 2

ORGANISATION INTERNATIONALE DU COMMERCE ET ACCORD
GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE
INTERNATIONAL TRADE ORGANIZATION AND GENERAL
AGREEMENT ON TARIFFS AND TRADE

510.

PCO/Vol. 124

Note du secrétaire du Cabinet pour le Cabinet
Memorandum by Secretary to the Cabinet to Cabinet

TOP SECRET

[Ottawa], January 3, 1949

LEGISLATION TO IMPLEMENT THE GENERAL AGREEMENT ON TARIFFS AND TRADE
AND THE CHARTER OF THE INTERNATIONAL TRADE ORGANIZATION

The Canadian government has been applying the General Agreement provisionally since the 1st January, 1948. The Agreement was considered by Parliament at the last Session but not dealt with finally. The provisions of the I.T.O. Charter

imply that the major trading nations which have indicated their willingness to submit the Charter to their national Legislature should do so before September 30th, 1949. The U.S. Administration has already made public its intention to present the Charter to Congress at its next Session. Prior approval of the Charter and of the General Agreement by Canada might facilitate approval by Congress.

Separate consideration of the Charter and the Agreement would involve unnecessary duplication of effort since the provisions of the Agreement are contained in the Charter in essentially the same terms. In addition the Agreement provides that the bulk of its provisions will be replaced by the corresponding provisions of the Charter when the latter enters into force.

Major amendments to existing Canadian legislation which would result from Canadian acceptance of the Agreement and the Charter are at present under detailed consideration by the Department of Justice and the other departments concerned. Some goods would have to be removed from Schedule C of the Customs Tariff (prohibited goods) to Schedule A where they would be subject to duty. Among the items involved are used automobiles, used aircraft and oleomargarine. The discount granted in respect of goods imported into Canada under the benefits of the British Preferential tariff would have to be discontinued where the B.P. rate is the same as the M.F.N. rate. On one item, tin plate, the B.P. rate would have to be increased from 3 to 15 per cent. This modification resulted from the tariff negotiations between Canada and the United States at Geneva; the United Kingdom raised no objection.

The Cabinet Committee on External Trade Policy recommends in view of the above consideration:

(a) That the General Agreement on Tariffs and Trade and the Havana Charter for an International Trade Organization be submitted to Parliament for approval at an early date at its next session;

(b) That both the Charter and the Agreement be presented in the form of a Bill to be introduced by the Prime Minister unless he wishes to designate another Minister for this purpose;

(c) That the text of the General Agreement should be the one as amended up to the time it is tabled; and

(d) That draft legislation be prepared accordingly.²

A.D.P. HEENEY

² Approuvé par le Cabinet le 5 janvier 1949.
Approved by Cabinet on January 5, 1949.

511.

DEA/9100-T-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

CONFIDENTIAL

Ottawa, February 19, 1949

CANADIAN DELEGATION TO CONFERENCE ON TRADE AND TARIFFS

The Third Session of the Contracting Parties to the General Agreement on Tariffs and Trade (Geneva, October 1947) is scheduled to open in Annecy, France, on April 8th. Tariff negotiations will be held at the same time, with a view to the accession of an additional 13 countries to the General Agreement. The Cabinet Committee on External Trade Policy has already approved Canada's participation in these tariff negotiations.

I would recommend that the following officials should compose the Canadian Delegation:

Department of External Affairs

Chairman: Mr. L.D. Wilgress, Canadian Minister to Switzerland.

Mr. Louis Couillard, Economic Division.

Department of Finance

Mr. W.J. Callaghan, Commissioner of Tariffs.

Mr. S.S. Reisman, Int. Economic Relations Div.

One more official from the International Economic Relations Division.

Department of Trade and Commerce

Commercial Relations and Foreign Tariffs Division.

Mr. H.R. Kemp, Director.

Mr. A.L. Neal, Acting Chief, Treaty Research Section.

Secretary: Mr. B.G. Barrow.

Department of Agriculture

Dr. A.E. Richards, Economic Division.

At the invitation of the United Kingdom Government, the delegation will take part in preliminary discussions with other Commonwealth countries in London, prior to the Annecy meeting.³

L.B. PEARSON

³ Approuvé par le Cabinet le 25 février 1949.

Approved by Cabinet on February 25, 1949.

512.

DEA/9100-T-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], April 8, 1949

INSTRUCTIONS TO CANADIAN DELEGATION TO THE TRADE AND TARIFF MEETINGS
UNDER THE GENERAL AGREEMENT, ANNECY, APRIL 8, 1949.

A) Most-Favoured-Nation Treatment for Japan

The following instructions have been approved by the Cabinet Committee on External Trade Policy:

(1) The Canadian Government cannot consider entering into an unconditional type of most-favoured-nation agreement with Japan at the present time.

(2) The Canadian Delegation should try to persuade the United States representatives to drop or, at least, postpone the whole proposal.

(3) If the United States representatives will not agree, the Canadian Delegation to Annecy should explore the possibility of a *conditional* most-favoured-nation agreement. The agreement should provide reasonable protection to Canadian industry against the products of cheap labour, dumping, arbitrary currency valuations and similar practices, while promoting mutually advantageous trade between the two countries.

B) Tariff Negotiations: Preferences

The following instructions will apply both to the Commonwealth discussions in London and to the tariff negotiations at Annecy. The instructions are virtually the same as those which were given the Delegation to the 1947 Geneva tariff negotiations (Cabinet Conclusions, February 19, 1947, paras. 15 and 16).

(1) To attempt to secure at London general agreement among Commonwealth countries that they will *not* meet requests for reduction or elimination of preferential margins by the device of raising duties against one another.

(2) To attempt further to secure at London mutual agreement that Commonwealth countries might proceed at Annecy as if all "fixed margins" of preference, whether scheduled or otherwise, were, *for the purpose of the negotiations*, tentatively unbound and, hence, freely and unilaterally negotiable.

(3) To proceed at Annecy as per (2) above, *even though unsuccessful in their effort to secure mutual understanding to that end* (subject to resumed negotiations with each Commonwealth country concerned).

(4) To be prepared, therefore, to accede, if necessary, to the loss or impairment of preferential margins enjoyed by Canada if such action becomes essential to the maintenance of existing free entry (or low duties) in Canada's favour and to the conclusion of mutually advantageous arrangements.

(5) To explore with the delegations of Australia and South Africa, the possibilities of unbinding residual margins of preference, scheduled or otherwise. (This was done with the United Kingdom in 1947 and resulted in an Exchange of Notes giving effect to the arrangement.)⁴

L.B. PEARSON

513.

PCO/Vol. 124

*Note du secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet*

*Memorandum from Acting Secretary of State for External Affairs
to Cabinet*

SECRET

Ottawa, October 3, 1949

RESULTS OF THE ANNECY TARIFF NEGOTIATIONS

Cabinet approved on March 24 Canada's participation in the Ancey tariff negotiations under the General Agreement on Tariffs and Trade. These negotiations were conducted at Ancey, France, between April and August, 1949.

2. The purpose of the Ancey negotiations was to permit a number of additional countries known as "acceding countries" to negotiate with the present Contracting Parties to the General Agreement and with each other, with a view to their accession to the Agreement.

3. A total of approximately 140 separate bilateral trade agreements were negotiated. The following "acceding countries" concluded their tariff negotiations. Canada concluded negotiations with all ten[:] Denmark, Dominion Republic, Finland, Greece, Haiti, Italy, Liberia, Nicaragua, Sweden, Uruguay.

4. There are annexed hereto the following statements on the results of the Canadian negotiations:

1. Concessions granted by Canada, showing the present and the proposed rate of duty and the country with which the concession was initially negotiated.†

2. Concessions of interest to Canada extended by each acceding country.†

3. Concessions to be received by Canada in the tariff of present Contracting Parties under the most-favoured-nation provisions of the Agreement as a result of their negotiations with the "acceding countries".†

4. Modifications in preferential tariff margins enjoyed by Canada.†

5. Each Contracting Party must now decide, in the light of the overall results of the tariff negotiations,

(a) what "acceding countries" are to be permitted actually to accede to the General Agreement. As explained below, this decision will be formalized by signature of the Protocol of Accession;

⁴ Approuvé par le Cabinet le 24 mars 1949.
Approved by Cabinet on March 24, 1949.

(b) whether and at what time it will put into force the individual tariff concessions which it provisionally agreed at Annecy to extend to each acceding country. This will be done by notification to the Secretary-General of the United Nations.

6. These requirements are defined in the Annecy Protocol of Terms of Accession to the General Agreement on Tariffs and Trade. This Protocol will be made public by the United Nations and in the capital of all countries concerned at various times corresponding to 8.30 P.M., EDT, on Sunday, October 9. A Press Release will be issued in Ottawa on the morning of Saturday, October 8, with an embargo on publication before the agreed time.

7. The Protocol is a long document. It serves three main purposes:

(a) It incorporates in the form of Annexes the Schedules of tariff concessions exchanged as a result of the Annecy negotiations. There will be one Schedule for each country which concluded tariff negotiations. Once the Schedules have entered into force, they will become supplements to the present Schedules (Geneva 1947) contained in the General Agreement.

(b) It provides for the accession of the acceding countries.

As indicated above, signature of the Protocol by an existing Contracting Party constitutes a vote in favour of the accession of each of the acceding countries in respect of which such Contracting Party signs the Protocol.

The Protocol will be open for signature on October 10 at Lake Success.

Each acceding country must obtain the signature of two-thirds of the Contracting Parties before it can itself become a Contracting Party by signing the Protocol.

(c) It sets forth the terms and procedures which will govern the entry into force of the tariff concessions by the Contracting Parties and by acceding countries.

It is expected that a Contracting Party which signs the Protocol in favour of the accession of an acceding country will also extend the tariff concessions which it initially negotiated directly with that acceding country.

The earliest date on which any concession need be applied is January 1, 1950.

8. I recommend, with the concurrence of the Minister of Trade and Commerce and the Minister of Finance, that an Order-in-Council be passed to provide for:

1. The issuance of Full Powers authorizing the signature of the Protocol of Accession with respect to each of the ten acceding countries listed in paragraph 3.

2. Authority for the submission by Canada before November 30 of the required notification to the Secretary-General of the United Nations to the effect that Canada will put into force the tariff concessions negotiated initially with each acceding country on the day on which such acceding country becomes a Contracting Party and extends its tariff concessions to Canada.⁵

9. The recommendation in 8 (2) above provides for application of the results of the Annecy negotiations with respect to Canada at the earliest possible dates.

⁵ Approuvé par le Cabinet le 6 octobre 1949.
Approved by Cabinet on October 6, 1949.

10. Separate submissions to Council will be presented in due course in order to obtain authority to extend the Canadian tariff concessions to each acceding country.

B. CLAXTON

514.

DEA/9100-R-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], October 24, 1949

PARLIAMENTARY AGENDA—INTRODUCTION OF GATT AND ITO AT THE PRESENT
SESSION

On September 13th Cabinet asked you and the Minister of Trade and Commerce to consider and report whether the introduction of the Resolution to approve the General Agreement on Tariffs and Trade and the International Trade Organization Charter should be deferred until the 1950 Session.

2. I suggest that you report to Cabinet tomorrow that GATT and ITO should *not* be introduced into the present Session. You have already agreed to this. (I sent you a memorandum to New York).† The Minister of Trade and Commerce concurs.

3. Officials are unanimous that GATT and ITO should not be introduced at the present Session. No purpose would be served by Canadian action in advance of United States action. The political climate in the United States is at present unfavourable to both Organizations, and particularly to ITO. Congress will *not* consider the question this year.

4. I suggest that your recommendation to Cabinet regarding action (or rather inaction) at the present Session should be without reference to action at the next Session.⁶ When Parliament meets again next year the outlook in the United States may be clearer. If ITO seems likely to be approved by Congress, then both ITO and GATT probably should be introduced into Parliament here. It is possible that Congress may approve GATT but not ITO. In this case we would probably want to do the same. I understand that Parliamentary approval would probably not be required for GATT alone; all that would be needed would be some minor amendments of the Customs Tariff Act, and these could accompany the Budget of 1950.

A.D.P. H[EENEY]

⁶ Note marginale:/Marginal note:

Cabinet agreed do nothing this session Oct 25 A H[eeney]

515.

DEA/9100-X-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], October 24, 1949

We have been invited to participate in a third set of tariff negotiations under the aegis of the General Agreement on Tariffs and Trade. These negotiations are expected to begin on September 28th, 1950. Earlier negotiations were held at Geneva in 1947 and at Annecy in 1949.

2. The 1950 negotiations will serve three purposes:

A) Accession of New Countries

The following countries have been invited to participate in these proposed negotiations with a view to acceding to the General Agreement:

<i>American Republics</i>	<i>Europe</i>	<i>Middle and Far East</i>
Argentina	Austria	Afghanistan
Bolivia	Federal Republic of Germany	Egypt
Costa Rica	Iceland	Hashemite Jordan Kingdom
Ecuador	Ireland	Iran
El Salvador	Poland	Iraq
Guatemala	Portugal	Israel
Mexico	Switzerland	Nepal
Panama		Philippines
Paraguay		Republic of Korea
Peru		Turkey
Venezuela		

The accession of Western Germany to the General Agreement, if it decides to participate, will be particularly important. It will make possible a broad attack on a part of the United States tariff which has hitherto remained untouched because of the rule that countries negotiate only with "principal supplier" of any item. Western Germany has been the principal supplier to the United States of a large number of items, especially manufactures, on which Canadians would welcome reductions in the United States tariff.

B) New Negotiations between Present Members

New negotiations will be held between pairs of contracting parties which concluded tariff negotiations at Geneva or Annecy and desire to negotiate new or additional reciprocal tariff concessions. This will give Canada a new opportunity to negotiate with the United States and with other members.

C) *Completion of Unfinished Negotiations between Present Members*

Negotiations will be held between contracting parties which participated in the Geneva or Ancey Conferences but did not conclude negotiations with each other on those occasions.

3. The contracting parties have been asked to notify the Executive Secretary not later than October 30th, 1949, whether they are in favour of a third set of negotiations on this basis.

4. I recommend that Cabinet agree to this proposal. The Interdepartmental Subcommittee on External Trade Policy concurs in this recommendation.⁷

5. If the contracting parties decide to conduct this set of negotiations, and if we agree to participate, it will be necessary to make a public announcement of our intention to do so, and to invite interested parties in Canada to submit any representations they may wish to make. This announcement should be made as soon as we learn which countries have accepted the invitation of the contracting parties. We expect to have this information not later than November 15th.

L.B. PEARSON

3^e PARTIE/PART 3

FINANCES ET COMMERCE CANADO-AMÉRICAIN
CANADIAN-AMERICAN FINANCE AND TRADE

516.

DEA/3300-40

Note pour le sous-secrétaire d'État par intérim aux Affaires extérieures
Memorandum to Acting Under-Secretary of State for External Affairs

Berne, January 21, 1949

Dear Mr. Reid,

I wish to refer to confidential circular No. B 2, enclosing copy of despatch No. 2815 of December 21, 1948, from Washington. Enclosed with the Washington despatch was a very interesting memorandum prepared by Mr. J.R. Murray of the Embassy staff on the question of trade relations between the United States and Canada.⁸

I agree with the conclusions summarized by Mr. Wrong in paragraph 2 of his despatch, and also agree that these conclusions point to the advisability of seeking to negotiate a new trade agreement with the United States on a broad basis. I was particularly interested in the dangers, to which Mr. Murray calls attention, of the

⁷ Approuvé par le Cabinet le 26 octobre 1949.

Approved by Cabinet on October 26, 1949.

⁸ Voir/See: Volume 14, Document 666.

possible application of special import restrictions by the United States to Canadian agricultural products.

There is one factor to which Mr. Murray refers but which may possibly not be sufficiently appreciated either in Ottawa or in our Embassy at Washington. This factor is the importance of having the United States more and more committed to the principles of the Havana Charter, but more especially to those of the General Agreement on Tariffs and Trade. I have always felt that by supporting wholeheartedly the United States in their desire to strengthen the General Agreement on Tariffs and Trade, we have been serving greatly to assist the State Department in their struggle with the Department of Agriculture and the powerful United States agricultural lobby. I found great encouragement in the economic message of President Truman, in which reference was made to the need for reconciling domestic agricultural policy with United States international trade policy.

It is for these reasons that I would add one more conclusion to those derived by Mr. Wrong in submitting Mr. Murray's memorandum, and that is that Canada should wholeheartedly give support to the effort of the United States to broaden and strengthen the General Agreement on Tariffs and Trade, because by this means we commit the United States more and more to an international policy with which special import restrictions are inconsistent in spirit, although perhaps not inconsistent with the letter of the Agreement.

Yours sincerely,
L.D. WILGRESS

DEA/288(s)

517.

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-312

Washington, February 7, 1949

TOP SECRET

Following for Pearson from Wrong, Begins: Reference my WA-310 of February 7th† about subjects of discussion between the Prime Minister and the President.⁹

Hickerson particularly wished to know whether the Prime Minister might mention the MacKinnon-Deutsch-Willoughby talks on trade, since the President knows nothing about them and should be briefed if they are to come up. I told him that I

⁹ Voir le chapitre XI, partie 1. La documentation au sujet des conversations tenues entre le premier ministre et le président laisse croire que la question du libre échange entre les pays ne fut pas soulevée.

See Chapter XI, Part 1. The documentation surrounding the Prime Minister's conversations with the President suggests that the subject of free trade between the countries was not raised.

was certain that Mr. St. Laurent would not do so. If I am wrong in this, I should correct this statement.¹⁰ Ends.

518.

L.S.L./Vol. 235

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], February 9, 1949

I am returning herewith your note of topics† which might be raised with the President. It seems to me to cover the specific topics, though we will have a memorandum prepared on other matters which may arise.

I should think that it might be desirable in general conversation to point out to the President the developing dangers of the Canadian economic situation which can be made almost impossible for any government here to cope with if they are intensified by United States action. Those dangers arise to some extent out of the great contribution we have made in recent years to European recovery, and it would arouse very considerable irritation in this country if the United States added to them now. That that is not unlikely is shown in recent debates in Congress on off-shore purchases and demands being made by certain agricultural Congressmen to declare wheat surplus and stop E.C.A. purchasing in Canada. This, of course, would be a very grave blow to our economy at this time and would bring to an end at once any credits which we are now giving to European countries.

At the same time, it might be pointed out to the President that partly on account of United States insistence, which is not unreasonable in the circumstances, the European countries are building up their own economies on a basis of the maximum amount of inter-European trade. This also will have an important long range effect on Canada, especially in view of the United Kingdom participation in this development. With the combined pressures of the United States on the one hand and the United Kingdom on the other against our export economy, we would certainly be in a bad way.

The gloomy predictions of long range developments in Europe to our disadvantage have been reinforced by the experience of our representatives last week in the Anglo-Canadian Trade Committee. They have returned with the feeling that the prospects of returning to the pre-war pattern of trade between Canada and the United Kingdom are growing dimmer and dimmer.

The moral of this is obvious. We should turn south; indeed, we may eventually have to. Therefore, it would seem to be the course of wisdom to take whatever preparatory action we can now. My own feeling is that it would be very useful to

¹⁰ Note marginale:/Marginal note:

Mr. Pearson replied to this by telephone E R[eid] Feb. 11/49.

discuss with the President Canada-United States trade, but on a very general basis; to get his reaction to the general idea of removing all possible barriers to this trade.

My own view—and I have expressed it to you before—is that we should empower our officials to discuss in Washington fully reciprocal trade arrangements with the Department of Agriculture officials there. So far, as you know, discussions in this field have been confined to a small group in the State Department. I do not see what we have to lose by broadening the basis of this discussion. We do not commit ourselves by this broadening, even though we do run a risk of leakage that the discussions are under way. This, however, does not seem to me to be a very dangerous risk and, to my mind, is not so important as ascertaining the reaction of the United States agricultural people to freer trade. I suspect that that reaction will be unfavourable, in which case we cannot be blamed for not having made further progress.

At the same time, I think it would be desirable to explore all possibilities of a further trade arrangement under the existing Trade Agreements Act. Probably not much remains to be done here, but certainly something could be accomplished. For this purpose, we have not yet exhausted all the possibilities, nor indeed have we taken all the preparatory steps. I think that it would be very remiss on our part if we did not do everything possible in this direction.

It might also be desirable to point out discreetly to the President that genuine irritation is apt to be caused in Canada when United States authorities compare our present contribution to European economic recovery or our present defence expenditures in mathematical terms proportionate to their own.

As to the first, the Americans forget that in earlier years we were making a far greater proportionate contribution to European recovery than they were, and we did not complain to them that we were doing too much. We don't expect them to complain now that they are doing too much, and we don't like this tendency to exact mathematical comparisons now when it would have been to our advantage to make comparisons then.

Similarly, with defence expenditures, the United States is a great world power which makes the decisions; decisions which, to some extent, bind others. It would be folly, therefore, to expect that Canada's defence expenditures should be proportionately the same as those of the United States. The Americans should not complain if they have to pay the price of empire, nor should they expect us to pay that price with them. Furthermore, we contributed pretty heavily to the defence of the United States in 1914-17 and 1939-41, and we didn't raise this question of proportionate defence contribution then!

L.B. P[EARSON]

519.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

Ottawa, March 14, 1949

TOP SECRET

TRADE WITH UNITED STATES; NEGOTIATION OF NEW AGREEMENT

1. *The Minister of Finance* reported that a bill now pending in the United States would extend to June, 1951, the President's powers to negotiate tariff reductions under the Reciprocal Trade Agreements Act. Notwithstanding the concessions obtained at Geneva and others to be discussed at Annecy, there was scope for further reductions.

It was suggested that, provided the U.S. bill to extend the Reciprocal Trade Agreements Act were approved, the U.S. government be approached formally with a view to opening negotiation for a new trade agreement. Although any new agreement would have to provide that U.S. tariff reductions were reasonably well matched by Canadian reductions, it was hoped that the practical results of such an agreement would be to increase the flow of goods from north to south by a greater volume than the increase in the reverse direction, thus improving our balance of trade position with the United States.

2. *The Cabinet*, after discussion, noted with approval the proposal of the Minister of Finance and agreed that the U.S. government be approached formally with a view to negotiating a new trade agreement; U.S. consent to be obtained to an appropriate government announcement being made soon, if possible upon introduction of the budget.

520.

DEA/265-B(s)

Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures

Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs

SECRET

Ottawa, March 16, 1949

NEW TRADE AGREEMENT WITH THE UNITED STATES

This matter was discussed at a meeting in the Privy Council Office which you attended last week. It was agreed by the Ministers present that a new agreement would be desirable from the Canadian point of view and that Mr. Deutsch should explore informally the possibility that an announcement of new negotiations might be included in the Budget speech.

Mr. Deutsch now reports that the reaction in the United States is still favourable to a new agreement but there is no hope of getting the United States agreement to an announcement before Easter.

No announcement could be made before Congress has passed the new Trade Agreements Act and there is now no hope that this will happen before Easter. One of the chief factors making for delay is the need to have new United States legislation on rent control before March 31st.

United States officials had suggested that they would prefer an even longer delay. The Charter of I.T.O. will probably be before Congress next month and they would prefer to delay announcement of new Canada/United States trade negotiations until that legislation, too, is out of the way. However they have been told that we are anxious to press forward with an announcement.¹¹

I understand that Mr. Deutsch has, as in the past, worked through Mr. Wrong on this matter. Hence our Embassy is informed. Mr. Deutsch is informing the Department of Trade and Commerce.

E. R[EID]

521.

CEW/Vol. 2158

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

SECRET

[Washington], March 14, 1949

Deutsch telephoned to me this afternoon to say that the Ministers in Ottawa had decided that they want to go ahead at once, if possible, to negotiate a further Trade Agreement with the United States under the Reciprocal Agreements Act. There have been discussions over the last six weeks or so between Deutsch and Willoughby, as a result of which it is apparent that although not a great deal can be accomplished to increase the tariff reductions secured by the Geneva Agreements, there is enough left over to make a further agreement worth while, especially from our point of view in securing concessions on a miscellaneous range of manufactured products. The Government would like to be in a position to announce in the Budget Speech, which is due to take place sometime next week, that negotiations with the United States had been arranged and will begin in the near future. They consider it politically of considerable importance that they should be able to say this.

Deutsch said that he had been in touch with Willoughby on the telephone before speaking to me. Willoughby had already started matters going inside the State Department, and there is no need for a formal approach to be made to the Secretary of State. One doubt, however, is whether the Senate can pass the Trade Agreements Act in time for the U.S. to consent to our referring to the negotiations in the Budget Speech. This depends on what happens in the present filibuster, as the Act is the first legislative order of business to be taken up after the filibuster ends.

I told Deutsch that I would speak to Willoughby in a couple of days to see what progress he was making in getting clearance on this side. What we want by next

¹¹ Note marginale:/Marginal note:

We should keep urging speed on them LB P[earson]

week is an indication that they concur here in a general reference to the opening of negotiations. There is little in the field of tariffs that the Government can say, and they naturally want to say something positive at this time, with growing concern in Canada over export markets under the impact of bi-lateral deals and the reduction by the O.E.E.C. countries of their dollar purchases.

H[U]ME] W[R]ONG]

522.

CEW/Vol. 2158

Note du deuxième secrétaire, ambassade aux États-Unis
Memorandum by Second Secretary, Embassy in United States

SECRET

[Washington], March 23, 1949

BUDGET REFERENCE TO NEW TRADE AGREEMENT WITH THE UNITED STATES

1. I called Deutsch this afternoon to get an explanation of the reference in Mr. Abbott's speech to Canada seeking a further Trade Agreement with the United States when the Reciprocal Trade Agreements Act has been passed by Congress. It appeared from Item G of today's news summary, based on the story in The Gazette, that Mr. Abbott's statement was in direct conflict with the wishes of the State Department as conveyed in your WA-708 of March 15th.†

2. Deutsch said that the Cabinet decided on Monday afternoon that it was most desirable to put a reference to this question in the Budget. By that time the Budget message was ready to go to the printers and, in view of the time factor, it was, according to Deutsch, feasible to communicate only by telephone directly with Willoughby's and Winthrop Brown's offices. Mr. Abbott's statement was cleared in the sense that the wording was given to Willoughby on the understanding that if Deutsch had not heard back by a certain time that the statement was objectionable, it would be included in the Budget. No United States objection was received before the deadline, hence Mr. Abbott's statement.

3. I told Deutsch that I was calling him since it was expected that you would be tied up most of today at a meeting, and I knew that you would be concerned about the inclusion of this reference to a Trade Agreement, in view of your conversation with the State Department last week. Deutsch said that he was very apologetic about not having telephoned you, and asked me to convey his apologies to you. He said that the rush on the Budget, which was a larger document this year than ever before, was the worst that he has known. Although he offered this as a partial explanation of his failure to telephone you, I think that he does not regard it as an adequate excuse.

4. Deutsch said that the wording in Mr. Abbott's statement (the full text of which is being obtained by the Information Division) is designed to minimize any embarrassment which this statement might cause the State Department. We are only saying that we will take an opportunity to "seek" a further Trade Agreement, and we "hope it may be possible" to conclude a further agreement. The State Department could therefore say that there has been no approach by the Canadians and that Mr. Abbott has an understandable right to remark on the general trade policy of his

country with respect to any other country. It should not be too startling, therefore, to find the Minister of Finance of the present Government reiterating something that has been general Canadian Government policy for some time, i.e., seeking ever-broader trading relationships with the United States.

J.R. M[URRAY]

523.

DEA/265-B(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le chef, direction de l'économie*

*Memorandum from Under-Secretary of State for External Affairs
to Head, Economic Division*

Ottawa, May 20, 1949

RE: U.S. RECIPROCAL TRADE AGREEMENTS ACT; INSTITUTION OF NEGOTIATIONS

Following our conversation on this subject yesterday with Wrong, Mackenzie, Clark, Towers and Robertson, I spoke to the Minister saying that your Division was looking into the appropriate procedure for instituting negotiations under the R.T.A. Act, as and when approved by Congress.

Mr. Pearson (and other Ministers) is anxious to be able to show diligence in this matter. He wishes to be in a position to say publicly that as soon as the Act was passed, the Canadian government immediately took steps to have negotiations instituted between Canada and the United States. We should be quite sure, therefore, that our communication to the U.S. government is ready for signature and despatch immediately we have word that Congress has acted.

After our discussion yesterday I felt that the officials were not altogether appreciative of the urgency which Ministers attach to this matter. I trust that it may be found that the first step is a letter in general terms and that it will not have to be accompanied by a list of the items upon which we wish to have discussions; the latter would obviously offer some difficulty and, perhaps, considerable embarrassment.

May I count on you having this matter followed up so that I might be warned in good time. The Minister would like to sign the communication himself, if possible.

A.D.P. H[EENEY]

DEA/265-B(s)

524.

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1462

Washington, May 25, 1949

SECRET

Following for Heeny from Wrong, Begins:

1. Deutsch had a long talk yesterday with Brown of the State Department on the possibility of negotiating a new Trade Agreement once the Trade Agreements Act has been renewed by Congress. Brown told him that they had been turning down all other applicants, but he thought that an exception might be made in the case of Canada. Deutsch will give a full report of this discussion on his return to Ottawa.

2. He and I wish to emphasize that it is important that no public reference should be made in Canada to the possibility of a new Agreement until the Senate has completed action on the Bill. While its passage is very likely, there is a prospect that amendments of a restrictive nature may be made. Any intimation from Canada that we were looking forward to the early negotiation of an Agreement would stiffen the opposition and increase the likelihood of amendment.

3. The present intention is to begin debate in the Senate on Tuesday, May 31st, with the probability of final action sometime in the following week.

4. The Secretary of Commerce has shown me a draft of a speech which he will deliver in Toronto at the opening of the International Trade Fair on May 30th. This contains at the end a statement of the desirability of expanding trade between Canada and the United States through the lowering of tariffs. There might be some temptation to follow this up on our side by a more specific reference to our hope that we may soon secure a further Trade Agreement with the United States. I should hope that any public reference to Mr. Sawyer's remarks which might be made would be put in more general terms.

5. Incidentally, Mr. Sawyer told me that he had had it in mind to mention a customs union between the two countries as a desirable objective. I have dissuaded him from so doing. Deutsch and I both read his draft, and we have suggested two or three minor changes. It will, I think, be a useful statement coming from the United States Secretary of Commerce and should contain nothing that will be embarrassing. Ends.

525.

DEA/265-B(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1503

Washington, May 31, 1949

SECRET

Following for Deutsch (copies to N.A. Robertson and Plumtre), Begins: Reference our telephone conversation this morning, I have just spoken to Brown.

1. First as to the legislative programme here. A battle is now going on over the priority to be accorded in the Senate to the North Atlantic Treaty, Reciprocal Agreements Act, and labour legislation. It is likely, but not certain, that they will be taken up in that order. Senator George is still away and the Senate is taking up other business today. Debate on the Treaty may begin next Monday. Brown considers that the Reciprocal Agreements Act should pass in June, but it is likely to be in the latter half of the month.¹²

2. I passed on to him what you told me, saying that it had been found that we needed more time to prepare the list that you had promised him and that the most that we now proposed to do during June (provided that the Act had passed) would be to send a note to the State Department expressing our hope to initiate negotiations for a new agreement at the appropriate time. Brown was pessimistic about their being ready to initiate negotiations for some time, or even soon to complete their studies so that they could determine whether an acceptable basis for negotiations existed. He said it would be unfortunate if we presented a note on the lines suggested and the State Department later determined that there was not enough leeway under the Act to justify a new agreement. He therefore hoped that we could make no move of this sort without further informal consultation. He was most anxious that nothing should be said publicly (or even in an unpublished note to the Secretary of State) that could not be satisfactorily followed up.

3. I asked him when he expected to be able to determine whether a new agreement was practicable. He referred to the absence of many of the experts at the Ancey Conference until mid-July and to the need for further information on our desiderata, but said nothing definite.

4. In substance, Brown's views are that no overt or formal step ought to be taken until both sides are satisfied that a useful result can be attained, which seems to involve our knowing in general outline what the result will probably be before putting the discussions on an official plane. Ends.

¹² Le lendemain cet avis fut modifié à «some time in July».

The next day this estimate was revised to "some time in July".

4^e PARTIE/PART 4PROGRAMME DE RELEVEMENT EUROPÉEN (PLAN MARSHALL) ET
ADMINISTRATION DE COOPÉRATION ÉCONOMIQUE
EUROPEAN RECOVERY PROGRAM (MARSHALL PLAN) AND
ECONOMIC CO-OPERATION ADMINISTRATION

526.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-6

Washington, January 3, 1949

CONFIDENTIAL

The announcement by Canada of the renewal of withdrawals on the United Kingdom credit has now become, from the ECA point of view, a rather more urgent question. The hearings on the European Recovery Programme are scheduled to start on January 24th, before the Senate Foreign Relations Committee.

2. An immense amount of work remains to be done during the next three weeks; for example, Hall-Patch, Marjolin and others from the OEEC will be arriving in Washington on January 6th to consult with ECA officials on the country programmes. ECA officials estimate that the material which will be presented to Congress will have to be in their hands and ready for final editing by the 17th.

3. The information given to Congress will have to include the actual as well as the estimated assistance being extended by the other Western Hemisphere countries. Although in the words of one ECA official the "source contributions have not yet been statistically coordinated", as far as Canada is concerned the \$60 million dollars from Canada to the United Kingdom in 1949 has been regarded by the ECA as firm. If there is any prospect that the announcement on the credit will not be made by January 17th, it will be necessary to inform the ECA that the 60 million dollar figure is an estimate only and cannot be regarded as a commitment by Canada.

4. I should be glad to know the present position on the credit announcement.

527.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-386

Washington, February 12, 1949

CONFIDENTIAL

ECA off-shore purchases.

1. Strange told Deutsch and Murray, yesterday, in response to a direct question, that ECA would not finance any further purchases by European countries, including the United Kingdom, of Canadian wheat during the present crop year. Although from the recent Senate hearings (WA-258 of February 2nd† and subsequent messages) as well as from Anderson's report to Wilson¹³ and McNamara¹⁴ it had become more and more evident that the ECA would be facing great difficulties in continuing to finance Canadian wheat purchases, we had, until yesterday, not been told that this United States policy decision with such serious effects for Canada had been definitely made. ECA officials had hinted but had not previously been willing to tell us outright. Strange appeared to consider that Fitzgerald's statement to Anderson United Kingdom delegate to the Wheat Conference (WA-313 on February 7th)† amounted to a definite notice that the United Kingdom would have to finance second quarter Canadian wheat otherwise than through ECA.

2. When Deutsch explained to Strange in plain terms what this serious development would mean for Canada and for our future arrangements, Strange said that they were well aware of the possible repercussions and hinted that ECA was urgently examining a proposal which might ameliorate the effects upon Canada of the new policy. He said it was premature to explain what they had in mind. He said that they would try to work out something which would carry the agreement of ECA, State and Agriculture, which they could present to Congress. We should hear something about this in the near future.

3. This problem was discussed briefly with Christelow of the United Kingdom Treasury delegation this morning. Christelow and Sir Sidney Caine saw Bissell, yesterday, in order to follow-up on the "warning" which Anderson had previously received from Fitzgerald. Bissell took what Christelow described as a "gloomy line", and said that they must regard the problem as very serious indeed, since it appeared that the ECA would be unable to finance further Canadian wheat purchases—not that they are unwilling to do so, but that they will find themselves unable to do so owing to the very clear attitude of the Senators. Bissell, therefore,

¹³ Charles F. Wilson, directeur, direction du blé et du grain, ministère du Commerce et de l'Industrie.
Charles F. Wilson, Director, Wheat and Grain Division, Department of Trade and Commerce.

¹⁴ William McNamara, commissaire en chef adjoint, Commission canadienne du blé.
William McNamara, Assistant Chief Commissioner, Canadian Wheat Board.

did not categorically close the door. However, in Christelow's view, he did the next thing to doing so.

4. The United Kingdom line in Washington at least is that the problem of collecting documents which would be created by having to switch 45 per cent of their programme is next to impossible. The United Kingdom officials in both London and Washington are working to see what can be accomplished in the way of switches from ECA financing to their own sources. Christelow concluded that the only feasible United Kingdom alternative might very well be to take up United States surpluses.

528.

DEA/264(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-400

Ottawa, February 16, 1949

ECA off-shore purchases. Your WA-386.

1. Yesterday Deutsch reported in some detail to the Sub-Committee on External Trade Policy. This supplemented general reports we have had from you.

2. We understand that when the Prime Minister raised this question with the President in the afternoon¹⁵ he got a sympathetic hearing and that the President gave instructions to Acheson to find some way out of the difficulty. The President realized that Canada's most important single industry was at stake and that if it were damaged by US action the future relations between Canada and the US in trade and other matters might have to take a new turn.

3. We understand that the US is making some new plan to "ameliorate the effects upon Canada on the new policy" (WA-386 para 2). Deutsch agrees that this may possibly involve a suggestion from the US that Canada should increase the amount of "aid" it is giving to Britain. On the other hand Deutsch emphasizes that no suggestion of this sort was made either in his discussions or in the President's remarks to the Prime Minister.

4. We understand that you are now waiting for word of this new plan.

¹⁵ Voir/See: Document 870.

529.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-431

Washington, February 17, 1949

SECRET

E.C.A. off-shore purchases.

1. In your EX-400 of February 16th you state that you understand that the Prime Minister informed the Cabinet that the President gave instructions to Acheson to find some way out of the difficulty over ECA financing of Canadian wheat for the United Kingdom. In my note of the conversation I say that both the President and Mr. Acheson "appeared to agree...that some means must be found to avoid such a development". I showed a copy of this note, however, to the State Department and they have now informed us, with some embarrassment, that both the Secretary of State and Mr. Steinhardt consider that the President did not commit himself as definitely as my record would imply. They would like the language I have quoted to be changed for some such phrase as "the possibility of finding means to avoid such a development must be explored".

2. In addition, they point out that neither the President nor the Secretary of State knew in advance that the Prime Minister intended to raise this subject and therefore they heard of the problem from him for the first time. This, I am sure, is correct, because it was impossible for me to give any advance indication that the matter would come up, since the Prime Minister only decided to mention it after receiving our latest information very shortly before he saw the President.

3. I had not intended the language used in my record to bear the interpretation that a definite commitment had been made, and hence I said that the President and Mr. Acheson "appeared to agree" that this development must be avoided. We know, of course, that ECA would like to continue to provide funds to the United Kingdom for their Canadian wheat purchases, but what they are afraid of is that they will be debarred from so doing either by the insertion by Congress of an amendment in the legislation or by being compelled to make a commitment to the Congressional Committees as the price of avoiding a restrictive amendment, or by the Secretary of Agriculture considering himself required to exercise his powers under Section 112.

4. This message is for the purpose of seeing that what passed between the President and Prime Minister is understood in the same sense by both Governments, and we shall continue to report separately on the problem itself. Ends.

530.

DEA/264(s)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 387

London, February 17, 1949

SECRET

Following for Pearson from Robertson, Begins: Reference your telegram No. 302 of February 15th† repeating the text of Washington teletype WA-386 concerning ECA refusal to finance purchases of Canadian wheat.

The United States position as reported in the message from Washington certainly raises most serious problems. I do not propose, however, to take up the question formally with the United Kingdom here until I receive Ottawa's comments on this disturbing development, particularly since I am not sure whether you are accepting Strange's declaration as an official statement of the United States position or whether you are making approaches in Washington in other quarters. You may even be inclined to regard this move by the United States as representing pressure to get a further contribution from Canada for European recovery. Moreover, I think it might be unprofitable for me to discuss formally the present position with the United Kingdom without having some indication of the thinking in Ottawa concerning the situation and concerning possible remedies. In any case, it is probably not undesirable to let the United Kingdom worry about the problem themselves for a while since, at least in the first instance, it is up to them to suggest some way of fulfilling their contract obligation towards us.

2. I do not myself see how it will be possible for United Kingdom, if this ECA ruling is adhered to, to finance wheat purchases merely by making switches among ECA-financed and non-ECA-financed items in their Canadian import programme. Even if the ECA could be persuaded to finance all other proposed United Kingdom purchases from Canada and if the non-ECA dollars originally intended for those purchases could be used for financing continued United Kingdom wheat imports, the maximum amount of dollars thus released would appear to be sufficient to finance no more than one-half or two-thirds of the contract. I should think that a shift of this sort might be more objectionable to Congress than the direct ECA financing of Canadian wheat since the effect would be to finance indirectly such purchases in a manner which Congress might well regard as somewhat disingenuous.

3. Even if some part of the United Kingdom's wheat imports from Canada under the contract were to be continued by means of such switches within the UK-Canada programme, a substantial portion of the contract for this crop year would remain uncovered. What can the United States expect regarding this remainder? Do they expect us to press the United Kingdom to continue purchases from Canada even at the expense of the minimum gold and dollar reserves of the United Kingdom (and the rest of the sterling area), the maintenance of which the United States

has at other times regarded as essential? Or do they expect us to accept an abrogation of the wheat contract by the United Kingdom? Or do they expect us to offer to finance the balance ourselves?

4. As you will appreciate from these remarks, I am quite in the dark as to what Strange has in mind when he refers to "a proposal which might ameliorate the effects upon Canada". He may be thinking of something more substantial than I have allowed for above. If he is thinking of the possibility of swapping with Canada purchases which the United Kingdom had planned to make in the States, I can see that the transfer of some such purchases to Canada (in exchange for the transfer to the United States of some wheat purchases) might reduce the damage to our balance of payments position but could hardly ease our wheat disposal problem. In any case I should think that the range for such swaps must be extremely limited, since presumably if new Congressional criticism were not to be stimulated, this swapping would have to be confined to purchases which could be made at least as cheaply and satisfactorily in Canada as in the United States. So far as wheat itself is concerned, I assume that the same factors which make it impossible for the United States to tolerate United Kingdom purchases from Canada with United States dollars would probably also prevent the United States Government itself from buying the extra Canadian wheat for other purposes and under other appropriations. Finally, since I note that the ruling applies not only to United Kingdom purchases but also to those of other European countries, it would appear that the ECA cannot be thinking in terms of diverting to Canada wheat purchases which would have been made in the United States in return for the diversion of United Kingdom purchases to the United States.

5. A remote possibility which does occur to me is that the United States might be persuaded, in the interest of assisting the disposal of the wheat surplus of both countries, to urge, or require, the European countries (Italy, etc.) to buy their full requirements of imported wheat from the United States and Canada and not to acquire any from Eastern European countries. I recognize that this possibility is a remote one, since the present appropriation application is presumably based on the assumption that those countries will be satisfying part of their requirements from Eastern European sources and any provision for the diversion of such purchases from those sources would presumably entail an increase in the ERP appropriation to be requested.

6. You will recognize that my thoughts on this serious problem are very preliminary—and I am afraid unhelpful—at this stage. I should be grateful to receive an indication of the thinking in Ottawa on the problem.

7. Incidentally, I am wondering what effect the United States expect this attitude of theirs to have in the bargaining at the Wheat Conference concerning future prices. I should have thought that any reflection of this attitude in the Wheat Conference would support the pressure of the importing countries for lower maximum and minimum prices.

8. Finally, although this is not a point which could probably be mentioned to the United States, I think that the difficulties which this apparent attitude of the United

States involves for us give added weight, from our point of view, to the need for including a strong economic clause in the North Atlantic Pact. Ends.

531.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-485

Washington, February 24, 1949

SECRET

My WA-431 of February 17th, E.C.A. off-shore purchases.

1. We have secured this morning from Fitzgerald of E.C.A. further information on the problem of financing United Kingdom wheat requirements from Canada in the second quarter. Fitzgerald discussed this matter with the Secretary of Agriculture yesterday. Mr. Brannan said that if he had to decide today whether he could authorize the off-shore purchase of wheat in Canada for the next quarter, he would have to find that wheat is in surplus in the United States and that the United States could deliver the requirements of the United Kingdom during that quarter. Mr. Brannan told Fitzgerald that his determination would not necessarily be the same in three or four weeks, since it was always possible that there might be some changes in the domestic supply situation.

2. Unless this were to happen, however, Mr. Brannan, on the basis of the facts, would have to declare wheat surplus under Section 112(E) of the Act. Once the facts are clear, he has no discretion in the matter, and the legal obligation is placed on him alone by the Statute. He could even be impeached if he were to fail to take action.

3. It seems evident that there are ample stocks of wheat in the country to meet United Kingdom requirements, but the new development is that, contrary to previous information, sufficient supplies could actually be shipped from the United States. Although they have been falling behind in their huge export program for cereals during this crop year (18 million tons), importers' requirements have also fallen considerably below this total and are now estimated for the crop year at 16,500,000 to 17,000,000 tons. The result is that the Department of Agriculture has decided it would be technically feasible to look after the United Kingdom's needs in the second quarter.

4. There has not been the slightest suggestion from the Department of Agriculture or E.C.A. that the United States will in fact attempt to supply the United Kingdom's requirements. They are, however, caught by provisions of the Act, so that the prospects of their providing dollars to the United Kingdom for Canadian wheat next quarter are far from bright. This is not a deliberate policy of the administration, adopted for reasons such as those suggested in Mr. Robertson's telegram from London No. 387 of February 17th. Mr. Hoffman and Mr. Brannan well understand

what serious difficulties the application to wheat of Section 112(E) of the Act would cause both to Canada and the United Kingdom. If the United States has another bumper crop of grains, including corn, these difficulties will probably continue through the next crop year.

5. There is next to no chance that the situation could be remedied by an amendment to Section 112. The political background is that the farm bloc is stronger than ever because of their substantial share in the Democratic victory last November. The domestic price of wheat has been falling, with large supplies available. The Commodity Credit Corporation will hold big stocks at the end of the crop year, bought with public funds. It would be a formidable undertaking to satisfy the farm bloc that more public funds should be used to pay for Canadian wheat.

6. Mr. Brannan discussed the situation with Stone after dinner last night. Stone found him to be well informed and concerned about our problems and ready to talk them over with me at any time. If Deutsch is in Washington next week, I shall try to arrange for him to lunch with Mr. Brannan and myself.

7. Since the Prime Minister raised this problem with the President on February 12th we have received information on it only from E.C.A. and not from the State Department. I have been considering whether I should bring the matter up again with the Secretary of State, but it seems to me that our position is that of a third party greatly interested in a transaction between the United Kingdom and E.C.A., who are the parties most directly concerned. Before we discuss it again on a high level, therefore, we should know more about what the United Kingdom intends to do. I may, of course, be approached by the State Department, since it would be appropriate for them to seek a further discussion because of the way in which the issue was left at the talk between Mr. Truman and Mr. St. Laurent.

532.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-507

Washington, February 25, 1949

SECRET

Discussion of Canadian program with E.C.A.

1. I informed you yesterday by telephone that E.C.A. would appreciate early discussions with Canadian officials. Bissell has confirmed this to me this afternoon. He described the general topic as the position of E.C.A. with regard to the financing of Canadian exports in the balance of this fiscal year (i.e., to June 30th) and during the next fiscal year. He mentioned the legal necessities imposed on the administration by Section 112 once it is evident that United States supplies of wheat are sufficient and available to satisfy the E.C.A. programs of the European countries. He said that Mr. Hoffman had carefully considered the possibility of

securing an amendment which would allow them to continue their program of off-shore purchases in Canada without substantial change; they had come regretfully to the conclusion that if they opened up this issue the result might well be worse from our point of view than the present situation. He added that Fitzgerald and he thought it might prove possible for E.C.A. to finance Canadian wheat exports in part during a portion of next year, but that could not be counted upon, as it depended on the crop here and related considerations.

2. They are giving attention in E.C.A. to what they can do in their next year with respect to the financing of all Canadian non-food items, and he indicated clearly that on their present thinking they could continue to finance Canadian bacon supplies for the United Kingdom.

3. What they would like to happen at a meeting of officials would be the production of factual estimates covering the entire W. Hemisphere program for the export of grains, and draw up a tentative program showing what E.C.A. could finance from Canada, excluding grain exports. He remarked that their guess in E.C.A. was that this program would reach a total of somewhere between \$225 and \$325 million in the next fiscal year.

4. He thought that the meeting should not be on a very senior level, and said that McCullough¹⁶ and Strange would do most of the talking on their side. They would welcome particularly the presence of Deutsch from Ottawa. The latter part of next week would suit them for the discussions if this is convenient to us.

5. If you desire further information on what E.C.A. has in mind, I should be glad if you would let me know.

533.

DEA/264(s)

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 380

Ottawa, February 26, 1949

SECRET

Reference your No. 387 of February 17th (received February 19th) re E.C.A. refusal to finance purchases of Canadian wheat.

1. A discussion of this problem at the official level is at present along these lines. As far as Canada is concerned, the Canada-U.K. Wheat Contract must stand firm. The American action raises a number of undesirable political possibilities in this country, but a breach in the Wheat Contract would be by far the worst. Somehow or another Canadian wheat will move to the United Kingdom. If we take this as a starting point, then a number of the questions raised in your telegram need no

¹⁶ James A. McCullough, l'administration de la coopération économique/Economic Cooperation Administration.

answer. We entirely agree with your suggestion "to let the United Kingdom worry about the problem themselves." We are particularly anxious to avoid any approach, either in London or Washington, that would suggest doubt regarding the Wheat Contract.

2. It is a pity that our point of view on this matter, which was clearly stated by Deutsch to U.S. officials, cannot be brought home to the senators with full force. It means that no American wheat, or no appreciable volume of American wheat, will move from the United States to the United Kingdom; yet the movement of American wheat was the primary, if not the sole purpose, of their objections to the purchase of our wheat with E.C.A. funds.

3. Unfortunately, the matter has now been brought to a point where to the best of our belief the senators cannot be dissuaded from their objective. It may be, as you suggest in your first paragraph, that the way in which the news was broken to Canada did not constitute a very "official statement". However, subsequent discussions, both in the Senate Committee (where the Secretary of Agriculture virtually stated that wheat is in surplus supply) and between Canadian and American officials, make it clear that we have virtually no hope of selling wheat for E.C.A. funds in the second quarter of 1949.

4. When E.C.A. officials told the bad news to Deutsch and Murray, they did not intend to press for further "aid" from Canada. This matter has been quiescent in Washington for several months. The senators from whom all the trouble came were not interested in the size of Canada's contribution—only in selling American wheat. However, it seems pretty sure that, when the Americans put forward their proposal for "amelioration", this will involve some additional extension of aid from this country. The suggestion might be in the form of an absolute amount or in the form of a proportion of American aid.

5. The Department of Finance is making up to date estimates of our balance of payments for 1949-50 based on recent changes in world prices and other factors. We expect these new estimates to be complete within a few days. They will throw light on the extent to which Canada is likely to be able to provide additional aid (without resorting to more stringent controls against U.S. imports) and also on the extent to which switches of E.C.A. purchases are practicable within the Canadian balance with the sterling area. (The latter part of your second paragraph suggests that our balance with the United Kingdom alone is involved; actually, as you know, it is our balance with the sterling area.)

6. Up to the present both the United States and ourselves have been reviewing the situation both politically and statistically. We expect further discussions with them within a week or ten days. We will keep you informed of developments.

534.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-512

Washington, February 26, 1949

SECRET

Following for Plumptre from Wrong, Begins:

1. I have just read the Department's telegram No. 380 of today to Robertson (repeated to me as EX-496†) about the financing of Canadian wheat by E.C.A. It seems to me that this gives an incomplete picture of the causes of the difficulty here by blaming it, in paragraphs 2, 3, and 4, on "the Senators from whom all the trouble came". The trouble really stems from the language of section 112 of the Act, in conjunction with the very large supplies of wheat in this country, and the trouble would still be here if the Senators had not taken the issue up. Of course, there is plenty of politics behind it, but the implication in the telegram is misleading that E.C.A. is bowing to the will of some misguided members of Congress.

2. I hope you have repeated to Robertson my WA-485 of February 24th, in which I sought to put the issue in terms of the application of the law. Bissell confirmed to me yesterday that the only clear way out would be an amendment of the Statute, which would be so dangerous a political operation that they have decided not to risk it. Ends.

535.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-551

Washington, March 2, 1949

SECRET

E.C.A.

1. Sir Sidney Caine, who succeeded Munro a few weeks ago as head of the British Treasury delegation here, called on me yesterday to discuss the problems now looming up affecting the financing by E.C.A. of certain off-shore purchases in Canada. Most of our talk covered familiar ground. He told me; however, that in addition to the grave doubts about whether E.C.A. could finance Canadian wheat for the United Kingdom during the next quarter, authorizations for some shipments during the current quarter were being held up and would probably be refused. He also said that the British had not had a general discussion with E.C.A. of the present and future position with respect to the financing of Canadian wheat, adding

that they had been holding off until the situation became rather clearer. I gathered that they had not received as clear an intimation as that which was given to us on this point.

2. I told Caine that I considered the problem was one which primarily concerned the United Kingdom and the United States although we were, of course, very deeply interested in the transaction. We had a contract lasting into 1950 with the United Kingdom for the purchase by them of Canadian wheat and that there was no question in our minds that this contract would be fulfilled, whether payment was made in E.C.A. dollars or in dollars from other sources. He in no way differed from this view.

3. He expressed concern lest Canada and the United Kingdom might unintentionally get at cross purposes with E.C.A. unless there were a full exchange of information. I told him of the approaching visit of Deutsch and Plumtre to discuss with E.C.A. the Canadian aspects of the programme and said that I would arrange for him to meet them while they were in Washington.

4. With reference to Caine's remark that some authorizations in the current quarter were being held up and might be refused, McNamara of the Wheat Board informed us this morning that a United Kingdom request for a new E.C.A. authorization for additional Canadian wheat and flour during the present quarter has definitely been turned down by the E.C.A. The clearances of wheat from Canada during this quarter have been better than anticipated, with the result that it became feasible for the United Kingdom to request additional authorizations for this quarter, i.e., authorizations over and above the \$55.4 million dollars for wheat and \$9.7 million dollars for flour which were announced in the middle of January. The British Supply Office official who gave McNamara this information said that he was not able to give him the dollar amounts of the requests which have been turned down. Strange's office secured this information for us this morning, but requested that the exact amounts involved not be divulged. The amount involved, including both wheat and flour, is approximately \$18 million dollars.

5. The United Kingdom's request was referred, in the normal manner, to the Department of Agriculture, who said that the amounts in question could be supplied by the United States and that, therefore, the request, could not be approved. When the United Kingdom representatives appealed this decision to Fitzgerald he told them that his hands were tied and that the E.C.A. was, in fact, powerless to change the U.S.D.A.'s decision.

536.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 4, 1949

CANADA-UNITED STATES RELATIONS; DEFENCE PURCHASES; NEWFOUNDLAND BASES;
 ST. LAWRENCE WATERWAY; WHEAT PURCHASES AND E.C.A.

10. *The Prime Minister*, referring to discussion at the meeting of February 25th, reported that, with the Minister of National Defence and the Secretary of State for External Affairs, he had seen the U.S. Ambassador at the beginning of the week.

The Canadian position respecting defence purchases in the United States and the Newfoundland bases had been discussed. Mr. Claxton was to prepare a memorandum on the former for communication to Mr. Steinhardt; a statement of the government's desires respecting the Newfoundland bases was also being prepared. On each of these questions, the U.S. Ambassador had felt that satisfactory arrangements could be worked out.

The importance to Canada of early action by the United States on the St. Lawrence Waterway had been discussed. The importance of E.C.A. financing for U.K. purchases of wheat in Canada had also been examined with Mr. Steinhardt.

11. *The Minister of Finance* reported that he had just learned that U.K. authorities in Washington had now been informed that they could no longer purchase Canadian wheat with E.C.A. funds because of the surplus wheat position in the United States. This raised immediately a most difficult situation for Canada.

12. *The Cabinet*, after considerable discussion, noted the reports of the Prime Minister and the Minister of Finance.

537.

DEA/264(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-613

Washington, March 7, 1949

CONFIDENTIAL

E.C.A. and Canadian Wheat.

Through a misunderstanding in time, Secretary of Agriculture Brannan arrived half an hour early for a Wheat Conference meeting which had been arranged for Sunday afternoon in Wilson's room.

2. Brannan took the opportunity to discuss the wheat surplus question with Wilson and was anxious to have his views, which Wilson has reported to me this morning, conveyed to the Canadian Government.

3. Brannan had received a number of enquiries from the press last Thursday reporting that it had been stated in the House of Commons by one of our Ministers that the United States Secretary of Agriculture had declared wheat in surplus. Brannan wished to have any misunderstanding which might exist cleared up. The Secretary was referring to the fact that under section 112(E) of the Foreign Assistance Act, he had not "determined" and "advised" the E.C.A. that wheat was both surplus and available. Furthermore, from what he told Wilson it seems quite clear that he is anxious to avoid having to make any such declaration.

4. He suggested that the Canadian and United Kingdom Governments refrain from seeking to put forward any requisitions to E.C.A. for the purchase of Canadian wheat until the new E.C.A. legislation has been passed. Brannan, who must realize that it is the United Kingdom alone who put forward requisitions to the E.C.A., may have included our Government as well since he knows of our great interest in seeing the United Kingdom's Canadian requirements financed through E.C.A. In this connection, Sir Sydney Caine told me on Saturday that they had been asked to withdraw their request for roughly \$18 million of additional Canadian wheat purchases during this quarter. In this way there would be nothing on the record which could embarrass or tie the hands of the Secretary of Agriculture if, at a later date, he wishes to authorize off-shore wheat purchases.

5. Brannan told Wilson that he expects to have very rough going during future E.C.A. hearings, particularly from Congressman Jesse Wolcott (Rep., Michigan), whose farm policies on behalf of the Republican party had helped to re-elect the Democrats. Brannan expects to have used against him in the forthcoming hearings every embarrassing weapon which Wolcott can find. Provided that there are no further requests for off-shore purchases, Brannan said he could not be forced into making a declaration that wheat was available as well as surplus which, at the moment, any Secretary of Agriculture would be forced to do on presentation of a requisition.

6. As a new member of the Cabinet (and as the one who was most active and effective in campaigning on behalf of the President) Brannan has frequent occasion to consult the President. He wanted to make clear to us that both the President and he were on the side of encouraging the world trade of other countries. With respect to wheat, the United States would like to compete with us for markets on an even basis. Brannan readily acknowledged that E.C.A. dollars were not a fair weapon to use in such competition. He admitted that there were a few Senators who would argue that E.C.A. dollars should be used to take over our markets. They, however, were in the minority, and, in his opinion, responsible elements in Congress would not go along on such a policy.

7. Regarding further E.C.A. authorizations for Canadian wheat, he expressed the hope that he would find himself in the same position next May as he was in last year, when with the new crop beginning to move and with exports increasing in volume his officials could then advise him that although the United States could

take care of a considerable portion of the wheat requirements of the E.C.A. countries, they could not serve the whole E.C.A. market. In these circumstances, where wheat might be in statistical surplus (e.g., as during the last quarter of 1948), he could, nevertheless, approve E.C.A. requisitions for Canadian wheat.

8. Wilson told the Secretary that this information would be appreciated by our Government. Furthermore, it would be of immediate assistance in countering the argument advanced on two separate occasions by the British on Friday (by Anderson, United Kingdom delegate to the Wheat Conference, to Wilson, and by Christelow, United Kingdom Treasury Delegation, to Murray) that the United States Government's present policy of not approving authorizations for Canadian wheat would result in the United Kingdom Government's interest in the wheat agreement falling off very sharply, even to the point, in Christelow's words, of there being "no possible incentive" to the United Kingdom to enter into an agreement. Brannan said he would have to have a talk with Anderson about this. His own feeling was that a wheat agreement would give the administration a very useful means of dealing with the more predatory arguments of the Congressional minority that the United States take over other people's markets. He said that if it were to become known in Congress that the British Government had backed out of the wheat agreement, it would react to the United Kingdom's disadvantage in respect of further E.C.A. assistance. Ends.

538.

PCO/Vol. 157

*Note du directeur, direction des relations économiques,
ministère des Finances*

*Memorandum by Director, Economic Relations Division,
Department of Finance*

SECRET

[Ottawa], March 9, 1949

CANADIAN RELATIONS WITH E.C.A.¹⁷

The United States administration is at present seeking to obtain from Congress the annual renewal of authority for the operation of E.C.A. The administration is also asking Congress to provide the necessary annual appropriation (\$4.28 billion) to cover United States expenditures for European Recovery during the fiscal year July 1, 1949, and June 30, 1950. The Congressional hearings on this legislation have coincided with a pronounced fall in agricultural prices and the development of some agricultural surpluses in the United States. Consequently, the attention of certain elements in the Congress has centred upon the activities of E.C.A. relating to off-shore purchase of agriculture commodities, particularly purchases of wheat in Canada. During the 1948-49 E.C.A. fiscal year until the present, all of the Canadian wheat shipments to the United Kingdom and much of the Canadian wheat shipments to other Western European countries have been paid for by the E.C.A.

¹⁷ John Deutsch prépara un rapport pour le Comité du Cabinet sur la politique du commerce à l'étranger, à partir de ce texte.

John Deutsch made a report to the Cabinet Committee on External Trade Policy based on this text.

through off-shore purchases. A number of the United States Senators have demanded that the off-shore purchasing of wheat in Canada should be stopped, and that surplus United States wheat should be sent instead. These Senators have urged that the Secretary of Agriculture declare wheat a surplus commodity. If a formal declaration to this effect is made by the Secretary, a clause in the E.C.A. legislation would require the E.C.A. not to expend funds on the purchase of wheat outside the United States.

Total authorizations to date of E.C.A. off-shore purchases in Canada have reached about \$670,000,000 which, if allowance is made for Canadian credit, is approximately sufficient to finance the exchange deficit of the United Kingdom, the rest of the sterling area and Western European countries with Canada during the period from April 1, 1948, to March 31, 1949. Wheat has accounted for almost one-half of the total off-shore purchase authorizations in Canada during this period. Consequently, the suggestions that off-shore purchasing of wheat should not be permitted any longer could be a very serious matter for Canada unless the E.C.A. is prepared to make adequate compensating adjustments. The serious nature of the repercussions upon Canada and the possible consequences thereof were made clear to the United States administration some three weeks ago at the time of the Prime Minister's visit to Washington. The E.C.A. and other United States authorities at that time indicated that they would give immediate consideration to the ways and means of "ameliorating" the situation.

Last weekend, Canadian officials were invited to go to Washington for a discussion with E.C.A. At the meeting held on Friday last, which included representatives also from the Department of State and the Treasury, the E.C.A. told us that they were not yet ready to discuss concrete programmes of off-shore purchasing in the fiscal year 1949-50. They would not be ready to do so until the final form of the legislation now before Congress was known. They said that in the meantime they wanted the Canadian Authorities to know that—

1) It was not the intention of the United States administration to displace the normal Canadian exports of wheat, or to interfere with the United Kingdom contract, through an insistence on the part of the United States that the European countries take only United States wheat.

2) While Canadian wheat would not be prevented from moving to its normal European export markets, Canada should not, owing to the surplus wheat situation in the United States, count upon E.C.A. financing of those shipments in the future. They emphasized, however, that wheat has not yet been formally declared surplus *and they do not wish to do so* in order that E.C.A.'s hands will be free to purchase off-shore wheat in Canada whenever a propitious opportunity arises. They said that while we should not necessarily count on it, they felt that, in fact, it is very likely that some off-shore purchases of wheat in Canada would take place in opportune circumstances.

3) It will be necessary for E.C.A. to go carefully during the next several weeks while the legislation is before Congress so as not to develop incidents which might cause members of Congress to put undesirable restrictions into the legislation. Con-

sequently, there may be some delays in authorizing off-shore purchases, but that would not necessarily indicate future policy.

4) The E.C.A. is willing and anxious to cooperate with the United Kingdom and other European customers of Canada in arranging programmes so that the total value of off-shore purchases in Canada will reach a tolerable level even though Canadian wheat is no longer financed, should that be the case. E.C.A. was prepared to finance other things from either the United States or Canada which would enable Europeans to use their own earnings and other sources of exchange to pay for Canadian wheat. They pointed out, however, that total off-shore purchasing in Canada in 1949-50, would inevitably be smaller than in 1948-49 owing to the fact that the Western European deficit with North America was declining. E.C.A. felt that it was not profitable at this time to explore the actual magnitude of off-shore purchases in Canada in 1949-50 since the nature of the E.C.A. legislation for this period is not yet known. Consequently, the determination of whether or not the total value of off-shore purchasing would be adequate, and what gaps, if any, would emerge cannot be made until Congress has acted.

In brief, while the E.C.A. was not ready at the meeting last Friday to proceed with the examination of a concrete programme, the expression of their intention and understanding of the Canadian position was encouraging and reassuring. It was intended to dispel any immediate cause for alarm in Canada.

With respect to the immediate future, the United States representatives explained that it was unlikely that E.C.A. would finance off-shore wheat purchase from Canada during the second quarter of 1949. They went on to say, however, that Canada could be assured that the E.C.A. would do everything possible to co-operate with the British in arranging for the payment of other items so that the United Kingdom would have sufficient dollars to finance the second quarter shipments of wheat from Canada. At a meeting with Sir Sydney Caine, U.K. Treasury representative in Washington, the latter expressed the view that the adjustments in payments arrangements necessary to take care of wheat would be very difficult to work out from the British standpoint. It may, therefore, be desirable to follow up this matter with the United Kingdom at an early date to ensure that the British on their part will take the steps required for the fulfillment of the American assurances to us.

[J.J. DEUTSCH]

539.

DEA/50013-40

*Ministre du Commerce et de l'Industrie
au secrétaire d'État aux Affaires extérieures*

*Minister of Trade and Commerce
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, March 9, 1949

My dear Colleague:

Enclosed is a dispatch which we think might usefully be sent as a personal and confidential message from myself to Sir Stafford Cripps. We feel it most important that the United Kingdom meet the wishes of the E.R.P. administration in its attempt to work out a difficult situation.

You suggested that Norman Robertson might be consulted as to the advisability of sending this dispatch. I trust that he will be consulted and that the dispatch will be sent only if he considers that it will be helpful.

Yours very truly,

C.D. HOWE

[PIÈCE JOINTE/ENCLOSURE]

*Ébauche**Draft Text*

The following personal and confidential message for Sir Stafford Cripps from C.D. Howe

A group of Canadian officials has just completed discussions with representatives of the Economic Co-operation Administration in Washington. Although the discussions were general in nature there was an opportunity to refer to the problems which would arise if ECA did not finance the Canada-United Kingdom wheat contract. Because of our mutual interest in this subject, I thought you might like to have a brief appreciation of the position as I now see it.

Our officials were received in a most cordial and co-operative way, and we were left with the firm impression that the U.S. Administration were fully seized of the U.K. and Canadian positions and were most anxious to be helpful. There was a clear acceptance of the Canadian position as a supplier of the U.K. and no suggestion that U.S. wheat should in fact replace Canadian wheat. They gave us assurances that in order to compensate for the suspension of wheat payments in the second quarter of 1949 they were prepared to consider the possibilities of financing other eligible items in the U.K. program of dollar expenditures, mentioning particularly ships' disbursements. They are prepared to consider similar arrangements for the period 1949-50 although that position is not quite as clear, due, of course, to the fact that new ERP legislation is not yet through Congress. It is obvious that the United States administration is seeking to avoid the necessity of declaring wheat surplus and for this reason are anxious to avoid having to deal with requests for

authority to purchase other than United States wheat. Such requests might mean that they would have no alternative but to declare the commodity surplus and thus preclude any possibility there may be of some financing during the coming year. As you know when Mr. St. Laurent was in Washington he discussed with President Truman the seriousness of any disruption of the Canada-United Kingdom Wheat Agreement and was assured that the President was cognizant of the situation and satisfied that it could be resolved satisfactorily. No doubt you will be giving urgent attention to possible substitutions in your program for ECA financing, and I assume you will let us know if we can be of any help.

540.

DEA/50013-40

*Note du secrétaire du Cabinet
au ministère des Affaires extérieures*

*Memorandum by Secretary to the Cabinet
to Department of External Affairs¹⁸*

CONFIDENTIAL

Ottawa, March 16, 1949

I am returning herewith Mr. Howe's draft message to Sir Strafford Cripps. I have told Mr. Howe that I was doubtful about the wisdom of sending this message at this time, for reasons which have been pretty well brought out in earlier telegrams from Canada House, viz., that there is some advantage in letting the United Kingdom take the initiative in raising the problem created by the United States' unwillingness to finance wheat shipments in the coming quarter. If we raise the question I fear we may be inviting a request for the release of further credits. We may have to come to this anyway, and I think it better that the United Kingdom should take the responsibility for opening this question. When I put this point to Mr. Howe, he, I thought, agreed with it, and did not press the suggestion that he despatch a special message to the Chancellor of the Exchequer.¹⁹

N.A. R[OBERTSON]

P.S. The second objection, which I did not put to Mr. Howe, is that I do not much like personal messages from Minister to Minister. In this case, Trade and Commerce is the Department which would be concerned with the possibility of the United Kingdom placing additional orders in Canada with United States dollars which otherwise would have been earmarked for wheat purchases. At the same time, should the Chancellor come back, as I fear, with a query about credits, then the problem is at once for the Minister of Finance and for the whole Government.

¹⁸ Adressée à/Addressed to G.R. Riddell.

¹⁹ Note marginale:/Marginal note:

Not sent after discussion between Mr Howe & NAR LB P[earson]

541.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1076

Washington, April 15, 1949

CONFIDENTIAL

Following for Plumptre from Murray, Begins: Your EX-992 of April 13th.†

1. According to Christelow, United Kingdom Treasury delegation, the British are not getting along at all well with switches in their ECA programme. His reaction, at least as far as the remainder of the British first year programme is concerned, is that people should stop talking about switches since the possibility of making switches does not exist. Christelow, besides being generally uncommunicative, is like most of the British Treasury delegation and Supply officers since the departure of Frank Lee, both professionally and perpetually gloomy. Since the outlook of the British officials is invariably black, it is difficult to tell, from week to week, whether a particular problem like the one of switches in the programme is progressing fairly well or not.

2. As you know, we have not been anxious to discuss United Kingdom problems directly with the ECA since we should be able to assume that the British, whether in London, Ottawa or Washington, will keep our officials informed of their ERP problems which affect Canada. With Strange, however, it has been possible to take a much more informal approach to find out just about anything that is going on in ECA of direct or indirect concern to Canada. Unfortunately, as far as the present problem is concerned, he has been away from Washington for some two weeks and will not be back until the end of next week, at which time we should be able to get from ECA a fairly clear picture of what is happening.

3. In the meantime, ECA officials have acknowledged that the switching problem has turned out to be much more difficult than they had anticipated. Vessel disbursements in dollar ports which had appeared to be well on the road to eligibility and acceptability when you and Deutsch were in here early in March have since been blackballed by the Comptroller's office, to the very great annoyance of the British. The British had documentation for this item in the amount of approximately 18 million dollars all ready to run through. The ECA officials on the programming and policy side have been embarrassed at the long delays and final failure which marked the outcome of their efforts for this particular item. There is some chance that certain vessel disbursements such as bunkers may achieve the difficult status of eligibility. Hogue, who is head of the United Kingdom Desk in the Programme Coordination Division, said that they are discovering difficulties in every major item which is brought forth as a candidate for switching. Petroleum equipment is a very important item which is hanging fire at the present time. Apparently there are very large political difficulties which make it difficult to get this item accepted for ECA financing.

4. One item which appears to involve a switch of undesirable kind was announced last week (ECA Release No. 510 of April 7th, page 11).† When I asked Christelow about the authorizations for the procurement in the United States of 19.27 million dollars of wheat and \$6.13 million of wheat flour for purchase in the United States announced last week, he replied that the United Kingdom had needed the wheat and flour for certain purposes and since it could not be financed by ECA in Canada it had been purchased in the United States. I believe that there has been a good deal of correspondence on this question between the Wheat Board and the British officials.

5. Christelow said that it is quite possible that bacon and cheese will be out as far as ECA financing is concerned by the fourth quarter of this year. He said that they had been able to "squeeze in" a recent authorization for cheese from Canada only on the condition that the United Kingdom buys a considerable amount of cheese in the United States.

6. In reply to a query whether the United Kingdom representatives in Ottawa are fully informed of most of the details of the British ECA programme, Christelow said that Andrew Jones²⁰ and Hampshire²¹ came down from Ottawa last weekend to discuss the Canadian part of the British programme. I told Christelow that our people would undoubtedly wish to discuss this problem with Jones and Hampshire unless, of course, they got in touch with you on their return from Washington.

7. As you know, the story of the authorizations for the procurement of agricultural products in Canada has been a pretty dismal one ever since the Senators got agitated about off-shore purchases in Canada early in February. During February and March all Canadian authorizations totalled \$38.3 million. Agricultural items plus fish, during these two months, suffered a net decrease of \$3.1 million. It is not surprising, therefore, that the Senate appeared to consider that the Jenner amendment to restrict off-shore purchases was unnecessary in view of the way that the programme was being administered since the Agriculture Committee brought the Administration "to task" (my WA-978 of April 6th).† In the days when procurement authorizations were flowing freely to Canada the agricultural items amounted to 60 per cent of the Canadian authorizations. Admittedly, during February and March the ECA authorizations were at a reduced rate in comparison to the last quarter of 1948. However, during February and March the authorizations did total 486 million dollars.

8. Of the three apparent courses open to the British, effecting a switch in invoices or depleting reserves or being forced to switch the source of commodity supplies, it seems that the first choice from our point of view of switching invoices is not working out satisfactorily at the moment. There is no concrete evidence available as yet that either of the other two alternatives are being resorted to. Ends.

²⁰ Sir Andrew Jones, chef, mission de l'alimentation du Royaume-Uni, Ottawa.

Sir Andrew Jones, Head, United Kingdom Food Mission, Ottawa.

²¹ G.P. Hampshire, secrétaire (Finance), bureau du haut-commissaire du Royaume-Uni, Ottawa.
G.P. Hampshire, Secretary (Finance), United Kingdom High Commissioner's Office, Ottawa.

542.

DEA/264(s)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 819

London, April 21, 1949

CONFIDENTIAL

Reference your telegram No. 734 of April 20th[†] repeating teletype WA-1076 of April 15th from Washington regarding ECA off shore purchases in Canada.

This morning's newspapers also carry reports of an announcement made in Washington yesterday by ECA that no authorizations for British purchases of wheat with ECA funds in Canada had been made since March 1st and that none would be made so long as stocks in the United States were sufficient to take care of all export demands. The London Times' account also mentions the possibility that cheese might be declared surplus before the end of the year.

2. In view of the information contained in your telegram, and in today's press reports (on which a considerable amount of public discussion can be expected during the next few days), I should be grateful for guidance on the need for any formal discussions with United Kingdom officials here and on the line which might most advantageously be followed in answering press enquiries.

3. In the light of these recent developments, it may be your intention that Mr. Howe should include among the subjects to be discussed with United Kingdom officials during his visit to London the question of steps which might be taken by either the United Kingdom or Canada to make possible the continued procurement in Canada of those commodities which are now ineligible, or which are expected to become ineligible, for ECA financing. If Mr. Howe is to discuss this subject while in London, you may wish me to have some preliminary talks with the United Kingdom officials concerned in preparation for Mr. Howe's discussions. In that case I should particularly appreciate your guidance on the points, if any, which you feel might usefully be clarified before Mr. Howe's departure from Ottawa.

4. I should say that so far as I know at the moment the discussions with Mr. Howe are expected to be confined to the points raised in your telegram No. 616 of March 31st.[†] In view of your desire to have the problem of the financing of United Kingdom food contracts in Canada regarded at least for the time being as a United Kingdom problem, I have not, of course, intimated that the discussions at the end of this month might be broadened to include that question and I have not enquired specifically whether the United Kingdom propose to include that item. I expect, however, to hear from Wilson Smith within the next day or so concerning the discussions with Mr. Howe, at which time he will presumably indicate whether the United Kingdom desires to have the general question of ECA off shore purchases in Canada included on any agenda for those discussions.

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DEA/264(s)

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 754

Ottawa, April 23, 1949

CONFIDENTIAL

Your telegram No. 819 regarding E.C.A. off-shore purchases in Canada.

1. This matter was extensively discussed at the Interdepartmental Committee on External Trade Policy at yesterday's meeting and your telegram was considered.

2. In the near future we shall probably be discussing with the United Kingdom and the United States (separately) the problems involved in "switching". However for the time being we do not want you to take any initiative in London. If the United Kingdom raises the question with Mr. Howe and Mr. Mackenzie when they are in London they will not try to avoid it. On the other hand they will not be equipped to discuss it fully.

3. Despite the flurry in the press there has been no basic change in conditions in the last few weeks. Since the matter first became active last February we have consistently taken the line that the problem was primarily one to be solved between the United Kingdom and the United States. The basic question is: how can the United Kingdom and other E.C.A. countries use to the full all the money appropriated by Congress for E.C.A. purposes? All along we have gone on the assumption that the British contracts with us will stand firm. We have been glad to see that this point of view has been confirmed in a number of discussions that you have had recently with Mr. Frank Lee²² and others.

4. Any enquiries from the press should be answered along the lines indicated in the preceding paragraph.

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PCO/Vol. 157

Procès-verbal de la réunion

Minutes of Meeting

[Ottawa], May 2, 1949

DISCUSSION WITH ECA OFFICIALS

Privy Council Committee Room—11:00 a.m. Monday, May 2nd.

Present:

Canadian Officials

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)

Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,

²² Trésor, Royaume-Uni/United Kingdom Treasury.

Dr. G.S.H. Barton, Special Assistant to the Minister of Agriculture,
 Dr. W.C. Clark, Deputy Minister of Finance,
 Mr. S.D. Pierce, Associate Deputy Minister of Trade and Commerce,
 Mr. A.F.W. Plumtre, Department of External Affairs
 Mr. J.J. Deutsch, Department of Finance
 Mr. J.R. Beattie, Bank of Canada
 Mr. J.E. Coyne, Bank of Canada
 Mr. G.R. Heasman, Department of Trade and Commerce
 Mr. T.N. Beaupre, Department of Trade and Commerce

ECA Officials

Mr. Robert Strange
 Mr. Arthur Smithies
 Mr. E.P. Weeks, Privy Council Office (Secretary)

The Chairman introduced Mr. Strange and Mr. Smithies and asked if they would provide up-to-date information on ECA developments.

I. Commodity Position

(a) Wheat

Mr. Strange explained that the CCC took over 275 million bushels of wheat on May 1st, and there was sufficient transport to meet all ECA demands for the movement of grain during the second quarter. Wheat had been technically in surplus since last October, but the policy of making formal statements would be continued.

To the question as to whether ECA would be buying at \$1.80 per bushel if the International Wheat Agreement went through, Mr. Strange replied that originally it had been suggested that the programme be cut by the extent of the saving on wheat. The Bureau of the Budget had now asked, however, that no allowance be made for this so as not to prejudice Congressional decision on the Agreement.

A new situation had developed in connection with France. The French had expected a wheat surplus but instead were faced with a deficit of some 500,000 tons before the new crop. French stocks were almost nil and since there were no recent imports it might be several months before the situation was straightened out.

(b) Coarse Grains

They were still in relatively free supply and crop prospects were quite good.

(c) Meat

Recently ECA financed 77 million pounds of pork products for the United Kingdom at a cost of \$21 million out of first quarter funds. This was done primarily to help the United Kingdom in the present situation. Since the product was fresh pork and included no smoked products, the move affected Argentine beef rather than Canadian bacon.

Mr. Strange urged Canada to press the United Kingdom to seek second quarter authorizations for bacon. This bacon could be delivered up to the end of the third quarter.

(d) *Cheese*

Some 36 million pounds would be in the hands of CCC, while authorizations were being provided for 48 million pounds. Therefore, the Canadian contracts could still be financed.

(e) *Pattern of U.K. agricultural imports*

There had been reports over the week-end suggesting that the United Kingdom in its imports of agricultural products from the United States and from Canada should restore the relationship of 1939. Attention was drawn to the disparity in favour of Canada now as compared with the prewar portion. Mr. Strange emphasized, however, that effective steps were being taken by ECA to counter such arguments.

(f) *Lumber*

Canadian officials referred to a recent press report in which it was stated that OEEC purchases of lumber should be placed in the United States if they were to be subject to ECA financing. Mr. Strange emphasized that the report was incorrect. Nevertheless, it was true that lumber interests in the United States had actually gone so far as to maintain that OEEC countries use their free dollars to buy U.S. timber. ECA policy was that free dollar resources should be applied in the most economical way and not tied to any particular commodity. There was also a proposal that lumber be declared surplus like various agricultural products, but this contention, too, had been countered by ECA. Mr. Hoffman held the view that if increased costs were involved in efforts to support domestic products, ECA would go to Congress to ask for additional funds to cover such costs.

Canadian officials pointed out that lumber was one of the best items to which U.K. purchases might be switched from wheat. At present, about 40 million free dollars were being used for purchases of lumber in Canada while only about \$20 million worth of the contracts was being financed by ECA.

II. United Kingdom Financing

Mr. Strange indicated that the United Kingdom had virtually overcome the problem of finding other items for ECA financing in the place of wheat for the second quarter of 1949. This had been achieved mainly by picking up various small items in both the United States and Canada. The proposal to finance vessel disbursements in dollar ports had been dropped in negotiations to block the Bland Bill on shipping. Efforts were being made to get authorizations for new oil-well equipment but the question had not yet been settled. Meanwhile, the much smaller items of repair and maintenance were being covered.

III. Off-Shore Purchasing in 1949-50

Mr. Strange estimated roughly that the volume of off-shore purchasing in Canada would be between \$200 and \$250 million. Of this amount, upward of \$200 million would consist of industrial products with \$50 million or less devoted to agricultural commodities.

By the end of the third quarter, it would be hard for ECA to finance any agricultural products in Canada. The CCC would be building up stocks and in such circumstances it was not easy to suggest off-shore purchases. Efforts would be made,

however, to finance bacon in Canada, since it was unlikely that ECA would be called upon to purchase any smoked meat products in the United States.

Additional Canadian commodities which might be financed by ECA included nickel and nickel concentrates. But there were problems involved. The United Kingdom, for instance, re-exported products containing nickel. Furthermore, the nickel companies generally wanted payment in U.S. dollars for intra-European trade. It was believed, however, that these difficulties would be overcome. There was no objection to the financing of agricultural machinery and motor trucks. As previously pointed out, lumber offered considerable possibilities under existing legislation.

IV. Appropriations for 1949-50

It might be the middle of July before the Appropriations Bill passed Congress and it would be fortunate indeed if it were through by the end of June. Meanwhile procurement authorizations would be issued pending the provision of funds. The original estimate had been reduced by \$158 million to allow for the effects of price reductions in the United States on costs of goods going to Europe and on European earnings. The total figure would probably be cut down to some \$4 billion.

V. Intra-European Payments

Mr. Smithies stated that Washington held the view that some further step towards multilateral trade should be taken this year. The ideal position would be to provide dollars to European countries and allow them to spend the dollars wherever they wished, either in Europe or the Western Hemisphere. This could only be achieved, however, if there were full convertibility between European currencies. Meanwhile some measure should be worked out for the transfer of drawing rights so that European countries would be placed in competition with one another. Thus if A could not obtain goods from B it should be able to use B's currency to buy the goods in C but at present C was unwilling to take B's currency. It was suggested that an unallocated pool of dollars of possibly \$200 million should be created to reward countries in the position of C. This proposal, of course, would not help the transfer problem between Europe and the United States. There was another suggestion to the effect that a country with large unused drawing rights at the end of the year might obtain say one quarter of the dollar equivalent for expenditures in the United States.

The present scheme left room for improvement. Some countries wanted drawing rights and could not obtain them. Mr. Smithies was not convinced that debtor countries should have unlimited drawing rights. Furthermore creditor countries were often in a very strong position. The system was doing nothing to break down the existing pattern of bilateral trade.

Most European countries have increased their dollar reserves during the past year. This was definitely a step in the right direction, since if progress toward multilateral trade was the aim of European recovery it would be unfortunate if at the end of the ECA period the various countries possessed inadequate reserves of dollar currencies.

Mr. Smithies did not agree with the plan being emphasized in Europe whereby each country should attempt to reach a bilateral balance with the Western Hemisphere. Such a situation would mean the creation of a trading bloc based on minimum rather than maximum trade with the dollar countries. There seemed no reason why one European country should not earn dollars from another European country even if Europe as a whole were in deficit with the United States. However, no harm would be done if each country tried to balance with the Western Hemisphere without applying discrimination. Canada should be as interested as the United States in opposing discriminatory bilateralism. The payments plans were a move in the direction of breaking down bilateral barriers. If OEEC does not come forward with an improvement on the present scheme ECA might have to consider taking unilateral action, e.g. determining European sources of supply in connection with authorizations. It would mean that if dollars were allocated to France to purchase in Belgium these dollars would become part of Belgium's aid in its purchases in the Western Hemisphere.

VI. Investment Plans of OECC Countries

Canadian officials referred to reports that the European countries were planning to increase agricultural production even beyond their original plans. This would involve the investment of a large amount of high cost resources. Some of these resources might be better employed in an attempt to earn dollars. A greater sales effort on the part of the Europeans might not in itself be enough. U.S. tariffs against commodities of European origin were traditionally high.

Mr. Strange and Mr. Smithies emphasized that U.S. tariffs were not so very high and that the average ad valorem rate on items coming from Europe probably did not exceed 15 per cent. The tariff picture was mixed and there appeared to be many openings of which the European countries could take advantage. Canadian officials pointed out that some tariffs were prohibitive and referred to administrative difficulties.

Canadian officials pointed out that the European colonies suffered from the difficulties of the high price system which characterizes the metropolitan countries. This makes the sale by colonies of raw materials in the United States more difficult although there were no tariff barriers against such categories of goods. It would seem that capital expansion in the colonies would be more profitable than a similar outlay on agriculture in Europe.

VII. Sterling Area Dollar Deficit

Canadian officials pointed out that the sterling area deficit roughly equals the deficit with Canada. Now that such items as wheat have disappeared from the list there might be some difficulties next year in financing this deficit. Other eligible commodities would have to be found in Canada and elsewhere.

Mr. Strange stated that ECA was working on the assumption that the dollar deficit of the whole sterling area would continue to be financed.

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DEA/264(s)

Note de la Banque du Canada
Memorandum by Bank of Canada

[Ottawa], May 5, 1949

OFFSHORE PURCHASES IN CANADA

Since the commencement of ECA the U.K. has consistently allocated a relatively large amount of ECA funds to Canadian purchases.

This was not necessary from the point of view of financing U.K. and sterling area purchases in Canada. It makes no difference financially to the U.K. or to Canada whether the U.K. spends ECA funds in Canada and its own currently earned dollars in the United States and Central America, or conversely spends ECA dollars in the U.S. and Central America, and its own dollars in Canada. For 1949-50 it would appear feasible for the U.K., if necessary, to spend all its ECA funds outside Canada, without reducing or jeopardizing any of its programmed purchases in Canada.

The course that was originally followed of making large "off-shore" purchases in Canada with ECA funds was, especially in the early days, a matter of administrative convenience for both the U.K. and ECA, since documentation difficulties were at a minimum in the case of the large bulk contracts with Canada.

This course also had the effect of strengthening the U.K.'s bargaining position vis-a-vis Canada, by exposing their purchases from Canada to pressure from U.S. producer groups. To give a specific example, if there had been no ECA funds allocated to U.K. purchases of Canadian wheat, U.S. wheat producers would have had no specific handle for pressuring ECA to substitute American for Canadian wheat, and the U.K. would have had no occasion to "do us a favour" by maintaining that she would fulfil her contract. A similar problem has arisen in the case of lumber and cheese and will no doubt come up in connection with bacon and other products in due course.

Newspaper discussion about these controversial off-shore purchases in Canada has put Canada in an unnecessarily bad light, and has probably caused unnecessary alarm in Canada. More important, the existence of these offshore purchases has given U.S. pressure groups a lever with which to force some U.S. commodities into European import programs at the expense of Canada. For example, it is said that U.K. offshore purchases of lumber in Canada have been approved on condition that the U.K. buy a certain amount of lumber from the United States.

It would seem to be good business for Canada to have the offshore purchase feature (i.e. the particular allocation of ECA funds) eliminated in the case of all our commodities which are likely to become controversial. This is the problem of "switching" which has been under discussion for several months. Perhaps because of a tacit assumption that the "switching" must be from one Canadian commodity to another Canadian commodity, the impression has been created that the problem of "switching" is one of great difficulty.

However, it is important to note that the "switching" of allocations of ECA funds may be from Canadian commodities to U.S. commodities or other Western Hemisphere dollar purchases. As suggested in the second paragraph of this memo, there is no reason why the allocation of ECA funds to Canada should have to be equal to, say, the U.K. (or sterling area) deficit with Canada, or any other pre-determined figure.

Insofar as "switching" to purchases in the United States puts controversial Canadian commodities out of reach of U.S. pressure groups, it is clearly in our interest, and there is no reason to believe that allocation of a greater proportion of ECA funds to U.S. exports would be unpopular in the United States.

The U.K. 1949-50 import program (dated October 1, 1948 and still largely valid) is as follows:

U.K. Import Program from Dollar Countries for 1949/50
(Millions of Dollars)

	U.S.A.	Canada	Other Dollar Countries in West. Hem.	Total
Food & Agriculture	83.9	367.5	60.8	512
Tobacco	102.2	6.9	—	109
Raw Materials	249.2	303.2	83.6	636
Machinery	116.1	6.0	—	122
Finished Goods	22.9	6.4	5.5	35
Oil	<u>202.0</u>	<u>—</u>	<u>8.0</u>	<u>210</u>
Total	776.3	690.0	157.9	1,624
Plus—Other U.K. Dollar Expenditures				+ 600
Plus—Net Capital Payments in Dollars				+ 17
Less—U.K. Dollar Earnings				-1,258
Less—Net Dollar Earnings of Associated Overseas Terrs.				<u>- 43</u>
Aggregate Dollar Deficit of Whole Sterling Area				940
= Amount of Aid Requested from ECA				

If the U.K. request for ECA assistance is granted in full, there will be \$940 million of ECA funds to allocate among the dollar imports (totalling \$1,624 million) which are shown in the first part of the table.

It will be seen that if ECA funds are allocated to all the programmed purchases in the U.S. this would take up \$776 million out of the \$940 million. On this basis, the remainder which would have to be allocated to Canadian or Latin American commodities would be \$164 million. Since the Latin American total of \$158 million consists largely of sugar, molasses, copper and other non-ferrous metals, all of which are likely to be non-controversial, it is theoretically possible that the U.K. would be able to take up its full allotment of ECA dollars without offshore purchases in Canada at all. In fact, there will be a number of Canadian products such as non-ferrous metals which would be non-controversial, and to which ECA funds could be allocated without risk to us. The U.K. will also be able to allocate some of its \$940 million to non-commodity items (the Other U.K. Dollar Expendi-

tures shown in the table), such as ocean freight. All in all, it would seem that the U.K. should have a considerable margin for excluding from ECA allocation those items in their U.S. purchases which would be the least convenient to document.

It is clear that the U.K. have been dragging their heels on the problem of "switching". Whether they have done so simply in order to avoid inconvenience of documenting, or whether it is part of the bargaining process, is immaterial for present purposes. The important point is that the present allocation of ECA funds is having a bad effect on the public mind in the U.S. and Canada and if continued is likely to assist American producers to invade our legitimate overseas markets. We urgently need to get to grips with the U.K. programming officials and insist that they work out a 1949/50 allocation program which will help to protect our vulnerable exports from the activities of U.S. pressure groups.

Part of the difficulty so far has no doubt arisen from confused thinking by all the parties concerned. For example, ECA still seems to feel that it is important for Canada to have as high a level of offshore purchases as possible, and we and perhaps the British have also tended to think in these terms. On the contrary, it is probably in our interest to have the lowest possible level of offshore purchases in Canada.

These notes have dealt mainly with offshore purchases by the U.K. In the case of other ERP countries the problem is not as large or as readily susceptible of treatment, but the same principles should clearly apply.

[J.R. BEATTIE]

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DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1273

Washington, May 7, 1949

SECRET

Following for Robertson and Heeny from Wrong, Begins:

1. With reference to my telephone conversations with Messrs. Pearson and Robertson about a possible visit to Washington next week by Mr. Pearson to discuss questions arising from recent E.C.A. operations,²³ I think that the decision about such a visit at this time should rest on political considerations and that these in turn probably relate mainly to questions of publicity. It would be unwise to attempt to keep such a visit secret if Mr. Pearson were to see Messrs. Brannan, Acheson, and Hoffman, as the attempt would probably fail and might well be taken up critically in the Canadian press by Hadley and Nichols among the Canadian correspondents,

²³ Ceci avait été recommandé par le Cabinet le 3 mai 1949.

This had been recommended by the Cabinet on May 3, 1949.

both of whom are paying attention to the effect on Canadian exports of the decline in authorizations for Canadian purchases. Unless, therefore, publicity in Canada is desired, I am dubious about the proposal.²⁴

2. Since I talked with Robertson on Thursday we have made some soundings in E.C.A., and we find apprehension there lest a high-level approach would complicate their relations with Congress as long as their appropriation is under consideration. They are now deeply involved in the hearings before the House Appropriations Committee. We might get some results by a re-statement of the Canadian situation at intermediate levels, where it could be made without attracting notice to people such as Nitze, Southard, Bissell or Wood²⁵ and perhaps the Office of Foreign Agricultural Relations. I suggested to Robertson on Thursday that a fresh statement of the Canadian situation and policy would in any case be of use to us.

3. We have reported in a separate message on the current position here with respect to authorizations for Canadian lumber, bacon, and cheese. We have also mentioned at the operating level in E.C.A. and the State Department the advantages of withholding for the present any statements which might be interpreted as adversely affecting Canadian trade.

4. It is, of course important that we should continue to impress the facts of the Canadian position both on E.C.A. and on the other Departments concerned. The problem is whether a Ministerial visit at this time is the best method of doing so. We clearly cannot hope to persuade E.C.A. to resume the financing of Canadian wheat. The most that we can expect is that they will approve requests for authorizations from Canada for products not in technical surplus in this country under Section 112 of the Act, when we can provide them on a sound competitive basis. The pressure of domestic producers here is steadily growing and the policy-makers in E.C.A. have not nearly as free hands as they had even two or three months ago. Their hands should be a little freer once the appropriation has been adopted. Ends.

²⁴ Le Cabinet reconsidéra cette question le 12 mai 1949, alors qu'il décida que Pearson ne devrait pas se rendre à Washington afin de discuter des questions de l'A.C.E. à ce moment.

The Cabinet reconsidered this question on May 12, 1949, when it agreed that Pearson should not visit Washington to discuss E.C.A. questions at that time.

²⁵ Tyler Wood, adjoint spécial au sous-administrateur, Administration de la coopération économique. Tyler Wood, Special Assistant to Deputy Administrator, Economic Cooperation Administration.

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*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire du Cabinet*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary to the Cabinet*

Ottawa, May 9, 1949

E.C.A.—RECENT DEVELOPMENT AND PRESENT POSITION

1. General Position

Congress has passed an extension of the Economic Cooperation Act for the year 1949/50. This includes an "authorization" to spend \$4.28 billions.

Two points should be noted in relation to this figure:

(a) It establishes a ceiling for E.C.A. spending but does not actually provide the money to be spent. Congress has not yet "appropriated" any money for this purpose.

(b) If Congress appropriated the whole \$4.28 billions it would provide for expenditures at a rate about 10% below 1948/49.

A Committee of the House of Representatives is now considering the question of appropriations. The procedure in Congress is likely to be a long one. Actual appropriations are not likely to be voted before July.

Meanwhile the Administration is rather nervous about the attitude of Congress. Senator Taft is urging a cut of 10% below the figure of \$4.28 billions that has been authorized. The Administration hopes that the cut will not be that deep but expects a cut of at least 5%.

2. Off-Shore Purchases—General Provisions

The new legislation contains virtually the same provisions as the old regarding off-shore purchases. In general, E.C.A. funds can be used to buy goods in Canada and other Western Hemisphere countries. However, there are some restrictions. The most important of these relate to agricultural surpluses in the United States. If the Secretary of Agriculture declares a product to be in surplus supply in the United States E.C.A. dollars cannot be used for buying that commodity abroad.

These restrictions, in fact, come into effect when agricultural surpluses exist in the United States even though the Secretary of Agriculture has not made a formal declaration. This is what has happened in regard to Canadian wheat. The Secretary of Agriculture has made no formal declaration and this leaves the E.C.A. free to pay for Canadian wheat if a more favourable situation should arise (for instance, if transportation difficulties interfere with a possible movement of American wheat to seaboard). Meanwhile, however, the E.C.A. is asking the United Kingdom and other countries not to request E.C.A. dollars for wheat.

We have been warned by E.C.A. officials that what has happened to wheat is likely to happen to all other agricultural supplies by October 1949. Growing sur-

pluses in the United States will make it impossible to use E.C.A. funds for off-shore purchases of agricultural commodities.

3. Off-Shore Purchases—Outlook for Canada

As a result of these developments we are told that off-shore purchases in Canada during the year 1949/50 are likely to fall to a level between \$200 millions and \$250 millions. During the twelve months ending March 31, 1949, E.C.A. authorized off-shore expenditures in Canada of \$690 millions. The fall from about \$690 millions down to \$200 millions or \$250 millions is, of course, serious. However, the fact that E.C.A. dollars are not available to the United Kingdom and other European countries to buy Canadian wheat, bacon, cheese etc. does not mean that these countries will stop buying these products from us. In the past year they have depended heavily on E.C.A. dollars for these purchases but they have other sources of dollars i.e., the dollars that they earn from their exports to North America and elsewhere.

In short, while the United Kingdom and other European countries will spend fewer E.C.A. dollars in Canada next year they can be expected to spend more of their earned dollars here. This development has at least one favourable side. It is better for us to have our staple exports to the United Kingdom and Europe paid for out of the current earnings of those countries in foreign markets rather than have them paid for out of dollars put up by Washington. The less directly dependent we are on E.C.A. dollars the more firm the future of our exports appears to be.

On the other hand, E.C.A. is beginning to bring pressure to bear on Britain and other countries in regard to their use of earned dollars as well as E.C.A. dollars. (This was evident in a statement made by E.C.A. last week in regard to purchases of lumber). This must be regarded as an additional threat to our staple exports. It is, for example, conceivable although not at all likely at present, that E.C.A. might try to force the British to use some of their earned dollars to buy wheat from the United States instead of from Canada.

To sum up: Off-shore purchases in Canada for the coming year are likely to be cut by two-thirds as compared with last year. The greater part of this fall may be offset if the United Kingdom and other countries use earned dollars instead of E.C.A. dollars to buy from Canada. This shift is quite likely to take place unless the United States tries to stop it—that is to say unless the United States deliberately uses E.C.A. as a means of forcing United States surpluses on unwilling buyers abroad.

A.F.W. PLUMPTRE
for Under-Secretary of State
for External Affairs

548.

DEA/264(s)

*Note du deuxième secrétaire, ambassade aux États-unis
au Comité interministériel sur la politique du commerce à l'étranger*

*Memorandum by Second Secretary, Embassy in United States
to Interdepartmental Committee on External Trade Policy*

SECRET

[Ottawa], May 27, 1949

DISCUSSIONS WITH UNITED KINGDOM OFFICIALS IN WASHINGTON REGARDING E.R.P.

1. Talks with officials of the United Kingdom Treasury and Supply delegation in Washington on the United Kingdom's programme of imports from Canada for 1949-50 were held in the office of Sir Sidney Caine on May 23rd and May 25th. The principal United Kingdom officials participating were: Sir Sidney Caine, Head of the Treasury and Supply delegation; Allan Christelow; Edgar Jones; Cyril Rawlings; Murray McDougall. Hampshire of the High Commissioner's Office in Ottawa was present as an observer. The Canadians participating were Deutsch, Plumptre, Beaupré and Murray.

2. Caine, who had recently returned from a ten day visit to London, during which he obtained information on the United Kingdom programme for 1949-50, opened the first meeting with some remarks concerning the United Kingdom's general balance of payments position. This position, he said, remains a cause of grave anxiety. The United Kingdom and possessions are close to being in balance with the United States. The United Kingdom, however, is in the difficult position of having to cover other countries' dollar deficits, such as Canada's. The United Kingdom must provide dollars to these "other countries". It is able to do so now because it gets them from ECA.

3. Deutsch waited until the end of the Monday meeting before commenting on Caine's contention that Canada is amongst the "other countries" which are creating the real balance of payments problem for the United Kingdom in 1949-50. The points made in reply to Caine were:

- (i) Our understanding of the United Kingdom post-war problems and extensive efforts to assist the United Kingdom recovery;
- (ii) United Kingdom purchases in Canada consisted largely of essential supplies;
- (iii) Our willingness to receive United Kingdom goods.

This exchange of views was most amicable. The atmosphere of the two meetings was most cordial throughout. The United Kingdom had prepared statistical material specially for our use.

4. The information which was made available by the British included,

- (i) The United Kingdom 1949-50 programme of imports from Canada and
- (ii) Two tables showing in broad outline the United Kingdom's estimated gold and dollar position during 1949-50. United Kingdom officials emphasized the tentative nature of these figures; the programme had yet to be approved in Paris and E.C.A. funds had yet to be appropriated in Washington. For these reasons the tables must be treated with discretion and regarded as secret.

5. In October, when the United Kingdom drew up its original 1949-50 programme, it was estimated that the net gold and dollar deficit would be \$940 millions. This is the figure which has since been accepted by the ECA in the sense that it has been used in various presentations to Congress, thereby gaining a considerable degree of firmness. The \$940 figure, which represents a cut of 25 per cent from the previous year, was based on the expectation of a continued substantial improvement in the sterling area's dollar deficit. Unfortunately, the improvement which was counted upon in October has not occurred at the rate which was anticipated. The United Kingdom gold and dollar payments, both to non-dollar non-participating countries and to participating countries, are rising sharply. The United Kingdom's latest estimate, which has been or is about to be submitted to the OEEC in Paris, anticipates that the net gold and dollar deficit for 1949-50 will be a little over \$1100 millions rather than the \$940 millions estimated last October. The deficit position is therefore worsening at a time when the prospects of obtaining the full \$940 millions ERP assistance are not bright. The United Kingdom has good reason to believe that if the ERP appropriation is cut by say 10 per cent the United Kingdom's allotment will not necessarily be cut by a full 10 per cent. Nevertheless, the United Kingdom must assume that the \$940 will be reduced somewhat. (There will be a carry-over of some \$95 millions of E.C.A. funds into 1949-50, but this will probably be equalled by a similar carry-over into 1950-51).

6. A summary of the United Kingdom's estimate of the sterling area's balance of payments with Canada for 1949-50 follows (figures in millions of dollars):

United Kingdom imports	\$681	
Invisibles	<u>248</u>	
Total payments to Canada		929
United Kingdom exports	348	
Invisibles	<u>234</u>	
United Kingdom receipts from Canada		<u>582</u>
Net United Kingdom deficit		347
Rest of sterling area deficit		<u>30</u>
Total sterling area deficit on current account		377
Capital transactions (\$120 credit—\$14 payments to Canada)		<u>-106</u>
Net sterling area deficit		\$271

7. *Programme of Canadian Imports.* Broad details of the United Kingdom's 1949-50 import programme from Canada are contained in the working paper given to us by the United Kingdom officials. This is attached. This paper gives two views of how the United Kingdom's Canadian imports would be financed. The first view, described as the "present London programme", calls for \$680.6 millions of imports, \$287.5 of which would be eligible for ERP financing and \$393.1 not eligible. The second view, described as the "UKTSD pessimistic forecast", is clearly the one which the United Kingdom officials in Washington consider to be the more realistic one. This view foresees a reduction of \$43 million dollars in Canadian imports, bringing the total to \$637 millions. The \$637 millions would be financed as follows: \$181.4 millions ERP and \$444.5 non-ERP.

8. *London Programme* Caine said that London had proceeded on the following assumptions in forecasting the division between ERP and non-ERP in the financing of all the United Kingdom's dollar imports. The items which are described as non-eligible for ERP financing are those which

- (1) E.C.A. will not finance
- (2) Are virtually impossible to document
- (3) Raise awkward questions (e.g. nickel)

The value of the items which after the most careful study in London are still regarded as "non-eligible", is so great that the United Kingdom cannot afford to leave out of ECA financing anything which they regard as eligible. The "London Programme" was drawn up about a month ago on the basis of prices prevailing at that time. Caine said that, for all intents and purposes, there is no room left to switch United Kingdom purchases in the United States from free dollars to ECA dollars; hence no further free dollars can be made available for purchases in Canada. He also made it plain that the U.K. anticipated no difficulty in finding sufficient eligible items (he referred to them as "erpable" items) to take up the whole of the \$940 millions or whatever was available.

9. In the course of considering possible methods of finding additional eligible items for ERP financing Caine said that London has often debated the advisability of having a programme for the Dependent Overseas Territories. The decision, however, has always been that political and practical difficulties made such a programme not worthwhile. It would only be used as a last resort.

10. The United Kingdom programme provides for the continued purchase of Canadian bacon, cheese and eggs during the next fiscal year at approximately the same rate as during the present fiscal year, although the contracts for these commodities expire at the end of calendar '49. In reply to queries concerning the United Kingdom's intentions with respect to these commodities in 1950, Caine said that the United Kingdom list, which represents everything that is planned for delivery in 1949-50, is based on the assumption that acceptable arrangements can be made for the purchase of all these commodities.

11. A large part of the discussions concerned the prospects for various commodities; how they were now being treated by ECA and how they might be expected to be treated during the next year. The view of the United Kingdom officials in Washington, in brief form, is that, as far as ECA off-shore financing is concerned, agricultural commodities will all be out by the fourth quarter, forest products including wood pulp will be difficult, and some non-ferrous metals will be, to an extent which cannot be determined at the present time, troublesome. This forecast for agricultural products is based on the prospects as they appear at the present time and is not related to any further business recession. It assumes that most agricultural products will be "riding on the support floor" by the fall. Similarly, the assessment of the difficulties for forest products is based on the present situation without reference to further deflation. The troubles which it has been hinted might be in store in the non-ferrous metal field depend on how severe the present U.S. recession turns out to be. Following is a resume of the principal commodities discussed.

A. Agricultural Products and Other Foods

(i) Bacon

If the fall run of hogs approaches the U.S.D.A.'s estimates, the U.S.D.A. has told the British that it could not recommend spending ECA dollars outside the United States for pork products. The British say that Fitzgerald has told them that fourth quarter bacon almost certainly will not be eligible.

(ii) Cheese

The United Kingdom delegation believes that cheese is "definitely out". A procurement authorization has already been turned down. Certain dairy products are being supported, and this means that Canadian cheese cannot be eligible.

(iii) Salmon

The assurances which we received from the British and the ECA that the procurement authorization for Canadian salmon would be approved were confirmed by the announcement made in a press release on Wednesday afternoon. \$650,000 has been authorized for canned salmon for delivery during the second quarter and \$6,500,000 for third quarter delivery.

(iv) Wheat

The British volunteered the idea that, if wheat prices continue to hold above the \$2 level, and if the International Wheat Agreement were ratified, they might, at an appropriate occasion later on, consider requesting ECA financing for some Canadian wheat. (After the meeting our side agreed that we should consider in Ottawa the question of asking the British not to proceed with a request for ECA financing for Canadian wheat without informing us beforehand.)

B. Forest Products

(i) Timber

This is a highly uncertain field. The United Kingdom programme of \$59.5 million dollars, which was described as being far from a firm figure, is divided \$45.5 ERP financing and \$14 non-ERP. The UKTSD considers that the total Canadian programme might be as low as \$40 million dollars with only \$5 million East Coast softwood being eligible for ERP financing and the remaining \$35 million West Coast lumber not eligible. The reduction in the Canadian timber programme assumes that \$19.5 million dollars will have to be switched to the United States to satisfy the pressure groups. Agricultural products have legislative protection; in the definite opinion of the United Kingdom officials in Washington, timber has been and is going to be given administrative protection. What happens to the \$10 million dollar purchase now being arranged in London should give some idea of the extent to which the ECA is prepared to let competition be the real test. The UKTSD officials who are continually dealing with ECA commodity officers discount pretty heavily the promises expressed by ECA policy officials that competition will be the deciding criterion.

In discussing with ECA officials exactly what they mean by competition the United Kingdom officials have had to counter the argument that the advantage given to the Canadians through the British preferential tariff should not be considered insofar as competitive costs are concerned. The opinion has been expressed

that the f.o.b. costs rather than the landed cost should be the test. We were told that the United Kingdom officials, on policy grounds, have expressed their strong objections to this point of view.

(ii) *Woodpulp*

Craighead, an ECA commodity officer in the pulp and paper branch, who is described by the British as being very friendly and co-operative, came to the United Kingdom offices on Tuesday to say that he is under "enormous pressure" to do something to assist the United States woodpulp industry. Craighead said the position is such that the United Kingdom's request for a third quarter procurement authorization for Canadian woodpulp covered by "contracts" with the Canadian industry cannot be approved. The United Kingdom must call for competitive bids from United States suppliers. The views of the United Kingdom commodity officials in Washington is that the very heavy freight differential in favour of Canada would normally make it impossible for the United States to compete. Craighead, on the other hand, believes that with the collapse of the United States woodpulp market United States suppliers will definitely compete, if given an opportunity to do so. The question of what to do has been put to London.

C. *Base Metals*

(i) *Nickel*

The London programme places \$11.7 million dollars of Canadian nickel under non-ERP financing. When asked if the United Kingdom would consider putting part of their nickel purchases under ERP financing a very definite reply was received that this was not contemplated. The United Kingdom was described as being "essentially averse" to putting nickel under ECA financing.

(ii) *Copper, Lead and Zinc*

The United Kingdom officials consider that there is very likely to be some difficulty in getting the full programme for these three metals financed by ECA. The pessimistic forecast suggests a reduction of \$5 million dollars in ERP financing for zinc. This reduction, which the United Kingdom commodity officers acknowledge is purely guesswork, is ascribed to zinc without any knowledge that the cut would necessarily come on zinc. The pessimistic forecast for these commodities is based on the assumption of a further decline in United States business activity.

(iii) *Aluminum*

The London programme figure of \$60 million dollars, which appeared to be somewhat high, was explained by the British on the basis of their hope to obtain 185 thousand tons of aluminum in Canada in the next fiscal year. This is 15 percent more than the amount being received during the current year. One half of this amount, which is to be obtained during the last half of this year, is being purchased at \$304 a ton. The price for the first half of next year has not been determined. The U.K. officials stated that a surplus of aluminum may appear in the United States out of domestic production; if so, U.K. might have to take some of it at the expense of Canadian aluminum.

U.K. Tentative Programme of Imports From Canada 1949-50
(Blank space signifies no change)

(Note: For explanation of these figures see text of accompanying memorandum)

Commodity	Present London Programme			U.K.T.S.D. Pessimistic Forecast		
	E.R.P. (eligible)	Other (non-elig.)	Total	E.R.P. (eligible)	Other (non-elig.)	Total
<i>Food & Feedingstuffs</i>						
Wheat and Flour		309.3	309.3			
Bacon	29.9		29.9	3.8	26.1	29.9
Cheese	16.0		16.0	-	16.0	16.0
Shell Eggs		10.4	10.4			
Processed Egg		7.1	7.1			
Canned Salmon	6.5		6.5			
<i>Total—Food & Feedingstuffs</i>	<i>52.4</i>	<i>326.8</i>	<i>379.2</i>	<i>10.3</i>	<i>368.9</i>	<i>379.2</i>
Animals & Seeds		1.0	1.0			
Tobacco		8.0	8.0			
Flax & Wool Bags		.9	.9			
Timber	45.5	14.0	59.5	5.0	35.0	40.0
Woodpulp	20.5	-	20.5	15.0	-	15.0
Kraft Liner Board	.6		.6			
Newsprint	11.2		11.2			
Other Paper & Board	1.3		1.3			
Hides & Skins	.9		.9			
Dressed Leather		1.6	1.6			
Undressed Leather		.2	.2			
Hair		.9	.9			
Plastics		1.9	1.9			
Acetic Acid	.8		.8			
Acetic Anhydride	1.0		1.0			
Misc. Chemicals		.6	.6			
Asbestos	4.0		4.0			
Platinum Group		5.6	5.6			
Misc. Metals		.6	.6			
Misc. (R.H.O.)		.5	.5			
Furs		7.0	7.0			
Copper	33.8		33.8			
Zinc	15.2		15.2	10.2	10.2	
Nickel		11.7	11.7			
Lead	13.7		13.7			
Aluminum	60.0		60.0	50.0	50.0	
Zinc Concentrates	2.0		2.0			
Silicon	1.2		1.2			
Cobalt	.8		.8			
Cadmium	1.2		1.2			
Abrasives	2.4		2.4			
Other non-ferrous Metals		.8	.8			
Iron and Steel	17.0		17.0	14.0		14.0
Machinery, etc.		5.0	5.0			
Manufactured Goods	2.0	6.0	8.0			
<i>Grand Total</i>	<i>287.5</i>	<i>393.1</i>	<i>680.6</i>	<i>181.4</i>	<i>444.5</i>	<i>637.0</i>

Note: In all cases where total imports have been reduced in the "pessimistic forecast" the equivalent reduction is assumed to have been switched to U.S.A. for E.C.A. financing.

[J.R. MURRAY]

549.

DEA/50092-40

*Extrait du procès-verbal de la réunion du sous-Comité interministériel
sur la politique du commerce à l'étranger*

*Extract from Minutes of Meeting of Interdepartmental Sub-Committee
on External Trade Policy*

TOP SECRET

[Ottawa], June 7, 1949

I. ECA OFF-SHORE PURCHASES IN CANADA

1. *The Chairman* referred to the memorandum of May 5th prepared by Mr. Beattie, and to the comments on that memorandum received from the Embassy in Washington† and from [A.E.] Ritchie in London,† which had previously been circulated.

Mr. Beattie had emphasized that it made no difference financially to the United Kingdom or to Canada whether the U.K. spent ECA funds in Canada and its free dollars in the United States or vice versa. Originally the practice of making large "off-shore" purchases in Canada was a matter of administrative convenience for both the U.K. and ECA. It would seem to be good business for Canada to have the off-shore purchase feature eliminated in the case of all commodities likely to become controversial. Such commodities would in this way be more out of reach of U.S. pressure groups. Although wholesale switching to U.S. sources for ECA purchases would create difficulties, nevertheless it would seem that the U.K. should still have a considerable margin for excluding from ECA allocation those items in which their U.S. purchases would be the least convenient to document. The present allocation of ECA funds was having a bad effect on public opinion in the U.S. and Canada, and, if continued, was likely to assist American producers to invade Canada's legitimate overseas markets. It was probably in our interest to have the lowest possible level of off-shore purchases in Canada, and we should insist at an early date that U.K. programing officials work out a 1949-50 allocation programme which would help to protect our vulnerable exports from the activities of U.S. pressure groups.

The comments from Washington generally approved the argument in the memorandum but with certain qualifications. Doubt was expressed whether under the statutes and procedures of ECA the dollar deficit of the sterling area could be covered without the financing of Canadian commodities which were competitive with U.S. commodities. There was, furthermore, the possibility that ECA would be under very strong pressure to undertake a greater interference in the employment of dollars earned by the receiving countries. This might influence the extent to which free dollars would be available for Canadian products. Stress was laid on the danger of U.S. surpluses to Canadian overseas markets.

In the opinion of Mr. Ritchie, we might be assuming the existence and continuation of a clearer distinction between ECA and non-ECA dollars than was likely to be the case. As the U.S. supply position became still easier and prices declined still further, it was going to be increasingly difficult to maintain any distinction. In the case of a potentially controversial commodity the U.S. suppliers or their pressure

groups would scarcely be restrained from criticizing a U.K. purchase in Canada merely because it was financed with ECA dollars. As to the effect on public opinion in the U.S., presumably much of the public support for ECA was based on the assumption that it would ultimately enable the European countries to finance with their own dollars something like the current volume of purchases from the United States. If, however, it appeared that as ECA progressed a smaller rather than a larger proportion of purchases by those countries in the United States was met with non-ECA dollars, that support might weaken. Similarly public support for measures to facilitate entry of European goods into the United States might be adversely affected if it were felt that the bulk of the dollars earned would be spent initially not in the United States but in Canada. Regarding the effect on public opinion in Canada, the impression that Canadian exports were not dependent on ECA, merely because such exports were being financed with non-ECA dollars, might create a false sense of security on the part of the Canadian public. However, it might be necessary in 1949-50 to maximize non-ECA dollar purchases in Canada, not so much because such purchases necessarily had advantages over ECA purchases, but rather because only a minimum of ECA dollars was likely to be available for the purchase of Canadian commodities.

The Chairman stated that during discussions in Washington at the end of May, United Kingdom officials had indicated that they might request ECA dollars for Canadian wheat if the Wheat Agreement went through Congress and if the price remained above the U.S. floor level. He had the general impression that ECA would not welcome such an approach. Should we take any steps regarding the U.K. wheat proposal or let the matter rest for the present? The over-all question was, of course, whether we should try to minimize the use of ECA funds in Canada, especially where controversial commodities were concerned.

2. *Mr. Beattie* emphasized that the practical deduction from his memorandum was that we should try to persuade the United Kingdom to spend ECA funds in the United States and Latin America, and on our safe items, before touching controversial commodities. This could not harm us and might postpone difficulties. It appeared necessary that we should see the whole U.K. import program to ascertain the extent to which the U.K. was pushing items for ECA financing in the United States and Latin America.

3. *During the general discussion*, it was suggested that the whole U.K. program represented rather a tight fit with relatively little elasticity. The U.K. Colonial areas were not on an ECA basis and, consequently, U.S. and Canadian supplies going to those destinations were financed with non-ECA dollars. ECA had declared ship disbursements ineligible, and oil equipment was another big item turned down by ECA authorities. The U.K. expected a large increase in losses of dollars to third countries and hoped to cover such losses with dollars earned in the United States. If such were the case the dollars would clearly not be available for expenditures in Canada. The question was how many free dollars could be obtained for Canadian commodities before they were used for other purposes. Things would be brought to a head when new arrangements had to be made with the U.K. this coming fall in connection with food contracts for 1950.

Regarding the U.K. proposal to ask ECA to finance Canadian wheat, the real issue was clearly whether ECA would be willing to consider such a proposal. ECA could only agree if U.S. transport facilities were inadequate to move domestic wheat, and, therefore, any ECA purchases of Canadian wheat could only be on an "ad hoc" basis. It might be advisable to ask the U.K. to consult with Canada before putting forward a request so that an opinion could be expressed on probable ECA reaction.

4. *The Committee*, after further discussion, agreed:

(a) that the U.K. authorities be asked to consult with Canada before putting in any application for the financing of Canadian wheat under ECA; and

(b) that Mr. Deutsch should endeavour to obtain an up-to-date picture of the U.K. 1949-50 program of imports from all countries.

550.

DEA/4901-L-140

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-1782

Ottawa, July 15, 1949

CONFIDENTIAL

Following for Wrong from Pearson. Your WA-1893.† ECA Appropriation Bill—U.S. agricultural surpluses.

1. I am of course most disturbed by your information regarding the action of the Senate Appropriation Committee in proposing to tie up \$1½ billion of ECA funds for the sole purpose of financing the export of agricultural surpluses from the United States.

2. You will remember that when the Prime Minister visited the President earlier this year he made it clear in the case of wheat that Canada would be very seriously concerned if an alteration in the use of ECA funds were to render more difficult the movement of Canadian exports to the United Kingdom. In discussions with U.S. officials both at that time and subsequently it has been suggested that if the United States used ECA funds as a means of displacing Canadian exports by U.S. exports this would be regarded as a departure from the policy of free multilateral trade which both countries have been attempting to follow and might well precipitate a new policy in this country.

3. Will you please remind the United States authorities of our deep concern.

551.

DEA/4901-L-1-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1942

Washington, July 19, 1949

CONFIDENTIAL

1. With reference to Mr. Pearson's EX-1782 of July 15th concerning the E.C.A. Appropriation Bill, the reports contained in our messages WA-1909 of July 15th† and WA-1932 of July 18th† show the influential opposition which has been marshalled against the amendment designed to earmark some \$1.5 billions to finance exports of surplus agricultural products. Tyler Wood tells me today that he is quite confident that the Committee amendment will be defeated during the Senate debate. This will be due largely to Mr. Hoffman's skill in enlisting the heads of the three major farm organizations, the Secretary of Agriculture and Senator Anderson as opponents of the amendment.

2. Wood says that they hope that the Appropriation Bill will be debated on Friday and passed by the Senate at a Saturday session, but it may be put off until next week and another Appropriation Bill given precedence following Senate action on the Atlantic Treaty. The tactics which E.C.A. is following are to try to get unwelcome administrative provisions in the Bill defeated in the Senate while leaving the amount unchanged. When the Bill goes to conference they might then endeavour to substitute the House provision governing the amount (i.e. authorization to spend the House figure if necessary in ten and a half months) or to develop some compromise more satisfactory than the Senate's figure.

3. If the effort to eliminate the amendment concerning agricultural surpluses failed in the Senate, Wood is confident that it would not be adopted by the representatives of the House on the Conference Committee. The United States authorities involved are well aware of our concern over the possible effects of this amendment. If the effort to defeat it in the Senate should fail, we shall pursue the matter further in an effort to assist in securing its elimination during the conference stage.

552.

DEA/264(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1970

Washington, July 21, 1949

TOP SECRET

1. I saw Mr. Paul Hoffman this afternoon at his suggestion. He began by saying that he was meeting the Secretary of State later today and wanted first to see whether I disagreed with the general conclusions reached in E.C.A. on the basic cause and cure of the British payments problems. He said that larger dollar earnings by the United Kingdom in particular and the sterling area in general were the only effective cure for the unbalance. If the present two worlds were not to become three worlds (with lower standards of living in both the dollar and the sterling worlds), this objective would have to be achieved. E.C.A. considered that United Kingdom exports to the United States should be raised from the 1948 annual level of around \$250 millions to \$700 millions. E.C.A. is preparing detailed studies of how this might be achieved. Hoffman was very critical of British salesmanship in the United States, which seemed to him defeatist in approach.

2. He went on to say that one of the worst features of the present situation was the lack of incentive for sterling area exporters to push into dollar markets. The job of salesmanship was easier in other markets, and very often higher prices could be secured. It was essential to provide adequate incentive in some way or other. He pointed out that in the sterling area outside the United Kingdom the existence of the dollar pool deprived both Governments and exporters of the incentive to earn dollars, which would be provided if they were able to retain the dollars they had earned.

3. I remarked that I agreed, and that I thought our people in Ottawa would agree, with his general diagnosis. I pointed out as a remarkable fact that in April and May of this year Canadian imports from the United Kingdom had more than doubled United States imports, and suggested that this indicated the extent of what might be accomplished in the United States market. He agreed, of course, that better salesmanship would not alone do the trick, that increased United Kingdom productivity was essential, and that this would involve some change in the standard of living in the United Kingdom.

4. I then said that this was a two-sided affair and that steps were necessary in this country to bring about an increase in imports. He cordially agreed, saying that a great campaign of public education was necessary and that he had it in mind to stimulate this campaign through the Junior Chamber of Commerce and other organizations. When I referred to the tariff, he said that in his judgement customs administration rather than tariff rates was the real difficulty, and that he hoped it would be possible to bring about a reform of administrative practices fairly soon. (E.C.A. is collecting data, and we have already suggested that the Department of

Trade and Commerce might provide specific examples from their files of difficulties arising from existing regulations.) Mr. Hoffman added that he hoped soon to go to the President with definite proposals for legislation.

5. I told him that reform of customs administration would be extremely welcome in Canada, but that the problem of tariff rates remained serious for us. He held out no hope of action beyond the renewal of the Reciprocal Agreements Act, and he expects that the "peril point" provision will be reinserted in the measure by the Senate.

6. I asked him about the McLellan amendment to the E.C.A. Appropriation Bill about surplus agricultural products. He said that this had been sponsored by the Cotton Institute and that he was sure that he could get it withdrawn if he approached Senator McLellan. He preferred, however, to have it overwhelmingly beaten on the floor, and believed it would not secure more than twenty votes. He was also optimistic about the elimination from the Bill of other Senate amendments, including the loan to Spain.

7. We discussed briefly the emergency measures announced from London. He expressed doubt whether sterling area countries other than the United Kingdom would in fact cut their import programs to the extent indicated in the communique issued by the Commonwealth Finance Ministers. He is leaving for a fortnight in Europe as soon as the E.C.A. Appropriation Bill is in final shape, and plans to see Mr. Bevin in London.

8. I alluded in conclusion to the talks here in September between the United Kingdom, United States and Canada. He appeared to attach great importance to reaching definite conclusions at these talks. The situation could not be met by expedients and the fundamental facts must be faced promptly. He said that when he got back from Europe he would like to have a more thorough review with us of the whole situation, in advance of the September talks. When I mentioned the leading article in the Economist of July 2nd as taking a general position similar to his, he agreed and praised the Economist's analysis highly.

9. Mr. Hoffman did not make any suggestion of steps that might be taken by Canada over the short or the long term. He said that he had wished to talk to me because he considered that the interests of Canada and the United States were nearly identical and he wanted to give me an opportunity of contesting his central conclusions if I did not agree with them.

553.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2350

Washington, August 31, 1949

SECRET

Tripartite economic discussions—offshore purchases of Canadian wheat.²⁶

1. Mackenzie reported on Tuesday to Mr. Howe on the rapid developments which are taking place in Washington, pointing to the distinct probability that the United States side expects to be able to announce at the Ministerial discussions that one of the main United States contributions to the solution of the United Kingdom's short-term difficulties will be some arrangement to allow ECA to finance a considerable portion of the United Kingdom's Canadian wheat purchases. (Deutsch has also reported to Dr. Clark on this question.) Martin, in telling us that the financing of Canadian wheat is one subject on which Snyder wished the discussion to be deferred to the Ministerial meeting, implied that Snyder may be ready to announce a solution to the difficulties which the United Kingdom insists that this question is causing them. Although Martin was unable to indicate what the United States solution might be, we have been able to gather some idea of what the United States has in mind from the State Department and from Bissell, McCullough and Strange of ECA. The two main parts of the United States "helpful" proposals, which ironically enough the United States are considering from the point of view of helping us as much as helping the United Kingdom, are:

(1) The United States will finance some part of the United Kingdom's Canadian wheat purchases if we will finance some part of these purchases.

The Canadian financing would be in addition to the present rate of drawings on the United Kingdom credit.

(2) Some participation by the United States in the United Kingdom's wheat import programme. It has been suggested that this participation might be brought about by arranging that India buy Australian wheat and the United Kingdom buy United States wheat. Last year India bought some \$50 millions worth of United States wheat. If this type of switch could be arranged, it would serve the double purpose of easing the United Kingdom's documentation problem and allowing the United States to have some share of the United Kingdom market. There has been a suggestion that the United States might wish to obtain a share of the United Kingdom market through taking over a portion of the Canadian wheat contract. It is not, however, clear that the United States officials are envisaging replacing Canadian wheat with United States wheat in the United Kingdom market.

²⁶ Pour de la documentation additionnelle sur ces discussions, voir la partie 5 ci-après.
For other documentation on these discussions, see Part 5 below.

2. The delegation considers that the arguments which were made in the memorandum given to Clutterbuck last week are still valid. Our goal should be to aim at finding suitable commodities for E.C.A. financing other than wheat to cover the United Kingdom's deficit with Canada. We should only come to wheat as a last resort. The United Kingdom officials, however, are pressing hard for a decision on this question. It appears that the United States side are doing everything possible to meet the British on this point and indeed have already reached agreement on how to do so, although our present information suggests that Secretary of Agriculture Brannan has not been apprised of what is going on.

3. At the delegation meeting this morning it was decided,

(1) That we should try to slow down, if not stop, the United States side in the pursuit of their good intentions, and

(2) Let the British know that our position as communicated to Clutterbuck has not changed in any respect. There are obvious difficulties in accomplishing the first point since we are not supposed to know of the surprise package being prepared for the opening at the Ministerial discussions. Martin was quite explicit that he was under instructions from Snyder not to discuss wheat. There may be an opportunity today to bring our views to the attention of Thorp. United States officials seem quite unaware that there is any difference of opinion, or possibility of a difference of opinion, between the United Kingdom and ourselves on this point. For example, Robertson, and Mackenzie, when they discussed this question with Bissell at lunch on Tuesday, discovered that although he had read the memorandum given to Hoffman in London urging E.C.A. financing of Canadian wheat, he did not know that we would regard this problem in a different light. (The document given to Hoffman is similar to the one given by Clutterbuck to the Prime Minister.)

4. With respect to the British, Deutsch and Plumtre are to try to see Sir Sydney Caine and Goldman today to register with them our views on the undesirability of United States financing of Canadian wheat. It is not expected that the United Kingdom, having gone as far as they have in pressing the United States for a decision on this question, will be disposed at this stage to reverse their position. We should, however, be able to make the point that the United Kingdom should defer pressing for a decision on this question until the new United Kingdom dollar import programme has been prepared and all possibilities of E.C.A. financing have been carefully explored.

554.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2436

Washington, September 8, 1949

SECRET

Following for Heeney from Plumptre, Begins: Tripartite talks—E.C.A. and wheat. There follows the memorandum that I have prepared for Mr. Pearson on his subject. Mr. Deutsch and Mr. Mackenzie saw earlier drafts. This is a corrected one, but I have not tried to get general agreement. Text begins:

September 6th, 1949

Wheat and the Tripartite Talks

The United Kingdom suggestion

It was the United Kingdom that raised the question of wheat in relation to the tripartite talks. Some three weeks ago, in a memorandum to the Prime Minister, they said had to get E.R.P. dollars to finance their wheat purchases in Canada. They asked us to back them up in their approach to E.C.A.

2. Their memorandum went in some detail into the position of their dollar earnings and outlays in 1949–1950. Unfortunately the statistics were presented in a very misleading way. To make matters worse, they used the same statistical presentation in an approach to E.C.A. (which they made without waiting for discussion with us). Thus we had to try to straighten matters out not only with the United Kingdom but with the United States also.

3. The essential point at which the United Kingdom presentation was misleading was in relation to their need for E.C.A. dollars. This need they greatly exaggerated. They stated that they only had \$69 millions of "free" dollars and that, under present E.C.A. restrictions, there were \$500 millions of ineligible but necessary imports to be financed—\$400 million from Canada and \$100 million from the United States. Hence, they implied, unless they got immediate and major relaxations in E.C.A. rulings, the greater part of Canadian sales to the United Kingdom were in jeopardy—including the Canadian wheat contract.

4. The fact is that the United Kingdom does not need anything like \$400 millions of E.C.A. funds to finance their deficit with Canada. The balance, according to the latest estimates received last week from the United Kingdom, is roughly as follows:

1949-50

Millions of
dollars

United Kingdom purchases in Canada	\$602	
Invisible item (net)	\$ 47	
Payments on account of other sterling area countries (net)	<u>\$ 53</u>	
Total United Kingdom outlays		\$702
United Kingdom sales in Canada	\$318	
Canadian credit	<u>\$120</u>	
Total dollars available to United Kingdom	<u>\$438</u>	
Balance to be covered by E.R.P. or from United Kingdom reserves		\$264

How difficult is it likely to be to cover \$264 millions from E.C.A. sales? It should not be too difficult; the United Kingdom estimated that, on the basis of *present* eligibility restrictions they can buy \$168 millions by means of offshore purchases in Canada. Thus there is less than \$100 millions to cover by means of new E.C.A. arrangements.

5. There is no question that the United Kingdom are going to have difficulty in finding "eligible" items to cover the whole of their E.C.A. allocation this year (\$962 millions if congress and O.E.E.C. act as expected). Their difficulty this year is greater than last for two reasons:

(I) The E.C.A. rules for eligibility are by now much stricter than last year, and

(II) The United Kingdom needs to use more of its available dollars this year to cover the dollar gaps of other countries. The United Kingdom is trying to act as an intermediary, transmitting to other sterling countries some of the benefits of E.R.P. and this raises technical problems in E.C.A.

6. The United Kingdom thus faces the danger that some of its precious E.R.P. dollars will not be usable, or at least not usable for imports of the highest priority. Anything that relaxes present E.C.A. restrictions will relieve the United Kingdom of a serious worry. There are many sorts of relaxation that would help. E.C.A. might, reversing certain decisions, decide to finance United Kingdom purchases of oil-machinery, or the expenditures of United Kingdom vessels in United States and Canadian ports, or a number of other items. But the biggest and best relaxation—the one that would remove all their worries about eligibility—would be a decision that all Canadian wheat was once again eligible for ECA financing—\$309 millions of elbow-room gained at a single decision.

The United States Suggestion

7. When the Canadian official group arrived in Washington ten days ago they discovered:

(a) That there was a general misunderstanding of the Canadian need for "ECA assistance"; the basic United Kingdom misunderstanding had been transmitted to the United States;

(b) That it was difficult to straighten out this misunderstanding because Mr. Snyder had given instructions that the question of ECA finance of Canadian wheat

(and some other matters) be discussed only at the Ministerial level and not at all at the official level;

(c) That Mr. Snyder (presumably under the illusion that Canada was urgently in need of large off-shore purchases) was likely to invite Canada to make a number of "concessions" in exchange for his support in making some or all Canadian wheat once more eligible for ERP;

(d) That these "concessions" were likely to include (I) a substantial increase in the amount of Canadian credit extended to the United Kingdom and (II) some sacrifices, the nature of which is not known, of Canadian rights under the United Kingdom wheat contract. These sacrifices might take the form of lower prices \$1.80 per bushel instead of \$2.00 or diversion of a part of the contract to the United States. These Canadian sacrifices would placate the interests in Congress that have bitterly opposed the use of the United States taxpayer's money to buy any Canadian wheat.

8. During the past ten days Canadian officials have tried to indicate to the United States and the United Kingdom officials that, while Canada is quite willing to play its proper part in rebuilding the economic position of the United Kingdom, we are not willing to make all too real "concessions" in return for actions which, as a matter of actual fact, may not benefit us in any very direct way. Unfortunately, discussion of these matters has been difficult because of Mr. Snyder's instructions that they were to be reserved for the ministerial talks.

The Canadian Interest

9. Should we support the present United Kingdom request that Canadian wheat should be made eligible for ECA finance? Should we oppose it? Should we stand aside?

10. When problems of eligibility have arisen in the past we have stood aside. Specific questions of what should and should not be eligible seemed to be matters for discussion between ECA and the recipient countries. We have been anxious not to appear in any sense as a recipient and we have, for that reason, refused to join with the United Kingdom, or with groups of recipients, who wanted our support in their discussions and arguments with ECA officials. We must still keep these considerations in mind. On the other hand, it would seem impossible, even if it were desirable, to stand aside in the present situation. We are participating in the tripartite talks and the maintenance of the supplies of dollars available to the United Kingdom depends in part on the question of eligibility. Moreover, it seems most unlikely, perhaps impossible, that the problem of eligibility raised by the United Kingdom can be solved without extension—or reintroduction—of offshore purchases in Canada. This may affect delicate political situations (e.g. wheat) or delicate economic situations (e.g. a threat from United States interests to the position of Canadian lumber and pulp markets in the United Kingdom). An attitude of indifference is no longer possible.

11. The present situation has been confused by the approach that the United Kingdom have adopted. What is really needed is a general tripartite review of the rules of eligibility—an attempt to work out a program of ECA finance that, on the one hand, will allow the United Kingdom to make the best use of its ECA funds,

and, on the other hand, will "sit" most comfortably in the economic and political situations of the United States and Canada. Instead of adopting this broad approach the United Kingdom, as outlined above, has singled out one commodity, wheat, and made a drive to get it freely and completely eligible. This goal is surely the most remote and unattainable they could have chosen. To begin with, the eligibility of wheat, along with other agricultural products, is the subject of very clear limitations under the ECA Act. When a "surplus" develops it *cannot* be eligible. No arrangement made by the administration can override this barrier; nor can it be easily circumvented if the technical conditions of a "surplus" appear to be present. This applies to all agricultural products, including wheat; in addition, wheat suffers from having been the focus of the battle in Congress regarding surpluses and eligibility. Hence—without regard to purely Canadian arguments for or against having our wheat financed by ECA—it is most important to get the discussion of eligibility onto the right tracks—the tracks leading to a general review of the subject instead of the tracks leading merely to ECA "taking over" the whole Canadian wheat contract. The latter tracks seem so likely to come to a dead end.

12. While it seems most unlikely that the ECA will accept the United Kingdom request to finance the *whole* of the Canadian contract (indeed they are not legally competent to give any such undertaking) nevertheless it is quite likely that ECA will finance some Canadian wheat during 1949–50. There will no doubt be times when, under the ECA Act, Canadian wheat becomes eligible; transportation difficulties will make the movement of United States wheat in the necessary quantities impossible. Provided that the whole range of eligibilities has been reviewed (as suggested in the previous paragraph), there is general agreement, among Canadian as well as United States and United Kingdom officials, that such opportunities should be used to the fullest extent.

13. Given this basic and all-important point of agreement, it is perhaps useful to set down the chief arguments which have been advanced over the past fortnight amongst our own officials for and against "getting Canadian wheat back into ECA". In retrospect, it is clear that the arguments have not always met on common ground. Nevertheless they have brought out a number of very important points.

14. The chief arguments for "getting Canadian wheat back into ECA" have been as follows:

(a) Anything that gives added firmness to Canadian wheat sales to United Kingdom should be welcomed. If United States can be persuaded to put up \$300 millions for this purpose, we should do nothing to stop them; indeed we should do everything to encourage them. A year ago we were going all out to get Canadian goods financed by ECA; the sort of arguments that applied then still apply now. With Congress still in session, it may not be the best psychological moment at which to raise the question, but the United Kingdom have raised it and will not drop it. We should give them all the help we can.

(b) The International Wheat Agreement was largely sponsored by the United States. Its spirit and purpose are to provide for reasonable levels of imports and exports within reasonable price limits. Broadly speaking, it is designed to keep trade, in this basic commodity, in balance and within established patterns. Hence it

is not at all unreasonable to press the United States administration to make ECA funds available to finance Canadian wheat.

(c) Even if the United States attaches certain "conditions" we should not hold back. The fact that we cannot accept some or all of the conditions must not lead us into opposing the basic suggestion itself. We should maintain our rights to exports under the wheat agreement; we may, however, if we use this agreement as a lever, have to forego our United Kingdom contract price of \$2.00 and drop to the agreement maximum price of \$1.80.

(d) To the extent that the United Kingdom solves its problem of eligibility by recourse to wheat (or anything else), the problem will be less in regard to other commodities. Some Canadian products on ECA, especially forest products, are being thrown open to United States competition of a cut-throat character. Their sales in United Kingdom would be substantially safer if they could be bought with "free dollars". We may get a rather larger share of the total United Kingdom and sterling area import programmes if the United Kingdom is relieved of some of its worries about eligibility. As long as the United Kingdom have free dollars to be fought for we have a chance of winning some of them.

15. The corresponding arguments against ECA financing are:

(a) There is no argument about the desirability of making our wheat sales to the United Kingdom firm. It is questionable, however, whether ECA should be regarded as firm finance as far as Canadian wheat is concerned. It is impossible to ignore the legal and political limitations under which ECA labours in respect to wheat.

(b) The International Wheat Agreement, while providing for total purchases and sales and for price limits, makes no provision whatever regarding who shall sell how much to whom. It gives us no guarantee of retaining the United Kingdom import market, as opposed to other less reliable and less desirable markets. Further, there is a release clause; an importing country does not have to import its full quota if it cannot pay for it. This might be taken as weakening further any claim we might make that United States was in duty bound to provide dollars to the United Kingdom to buy our wheat.

(c) The "conditions" which, we are told, are likely to attach to Mr. Snyder's "offer" are wholly unacceptable as conditions—because they are based on the false premise that Canada needs large offshore purchases to balance its accounts. This is not to say, however, that Canada will not look at any reasonable proposition, either from the United States or the United Kingdom, designed to promote a general solution of common problems.

(d) It is true that if United Kingdom can solve its problem of eligibility it may be possible for us to increase (or maintain) our share of the United Kingdom and sterling import programmes. However, the United Kingdom overall position is now so very tight that it would be unwise to make any major concessions in the hope of increasing our sales for "free dollars". Moreover, the solution of the eligibility problem can be, and should be, sought first in the field of other items that cause less commotion than wheat. All avenues should be fully explored; we should not

jump for wheat until we have looked, and United States and United Kingdom have looked, at all other possibly eligible items.

16. Finally, the broad political considerations in Canada must be mentioned. Any alteration in the terms of the Canadian wheat contract would need to be considered most carefully. Moreover, there is no commodity closer to the heart of Canadian politics and Canadian economics than Canadian wheat; a strong argument can be made for keeping it as far as possible out of United States politics. Ends.

555.

DEA/4901-L-1-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2512

Washington, September 14, 1949

SECRET

Following for Plumptre from Murray, Begins: My draft notes on the meetings at which the E.C.A. eligibility question was discussed follow:

Notes on the meetings of the Working Group on E.C.A. eligibility, September 9th, 1949.

First meeting (11:30 a.m.—1:00 p.m.), State Department; Mr. Hoffman in the chair.

Those attending the meeting were:—

United States. Messrs. *Hoffman, Bissell and Fitzgerald* of E.C.A.; *Brannan*, Secretary of Agriculture, *Stanley Andrews*, Director of the Office of Foreign Agricultural Relations, Department of Agriculture; *Ben Moore*, State Department.

United Kingdom. Sir *Henry Wilson-Smith*; Messrs. *Christelow* and *Goldman*.

Canada. Messrs. *Howe, Mackenzie, Deutsch* and *Murray*.

1. Hoffman got the meeting down to business immediately with his opening remark that the Secretary of Agriculture had the final word on what agricultural commodities E.C.A. could finance: "What he says we can finance is what we can finance". Hoffman then invited Brannan to lead off.

2. Wilson-Smith, who had not had an opportunity to state what the immediate United Kingdom problem was, intervened to outline briefly the reasons for the "jam" in which the United Kingdom found itself with respect to using its E.C.A. funds this year. Out of a revised United Kingdom import programme of \$1200 millions only \$680 millions would qualify for E.C.A. financing. In view of the great difficulties which will exist for the United Kingdom in getting along on a \$1200 million programme, the United Kingdom obviously wishes to purchase only items which are (1) essential or (2) already contracted for. Eligibility rulings have eliminated from E.C.A. financing roughly \$500 million dollars in the United Kingdom import programme. If the problem is not solved the United Kingdom will have

a deficit in its free dollar accounts of \$240 millions—(the \$925 million probable E.C.A. allocation—\$685 millions of eligible items—\$240 millions).

3. Mr. Howe said that we would like to see Canadian agricultural products made eligible for E.C.A. financing. He said that in the Canadian view the International Wheat Agreement made it possible to look at the burdensome surplus provisions of the E.C.A. Act in a new perspective. In approving the Wheat Agreement, Congress and the Administration had accepted the principle of sharing markets. It followed, therefore, that there could be no intention on the United States part to use United States surpluses to displace Canada in the United Kingdom wheat market. Brannan and Hoffman acknowledged that the Wheat Agreement was a new factor. However, they were unable to assess how much weight it would carry with Congress. The Wheat Agreement does not cover the question of financing the sales of the exporting countries, and on the question of using E.C.A. funds for this purpose, Congress in section 112 of the E.C.A. Act had made its intent clear.

4. Bissell reviewed how wheat was treated during the first E.C.A. year 1948-'49. The Secretary of Agriculture had never actually formally declared wheat to be surplus and available. In fact, however, wheat has been surplus in the United States since late 1948; i.e., surplus to both the United States domestic requirements and the export programme which the United States could physically handle. The physical limitations ceased to apply roughly at the beginning of the second quarter of this year. At that time Canadian wheat became ineligible for E.C.A. financing.

5. Brannan then made his initial offer in the following terms: He said that if a genuine basis or one of reasonable logic could be found for the action which the United Kingdom was requesting he would be "willing to explore the possibility of financing Canadian wheat if physical conditions permit". To do so, however, would be very difficult. The Congressional drive to make the agricultural surplus provisions of the E.C.A. Act even more strict than they are at present had only been stopped by the able efforts of Hoffman. In exploring the possibility of finding a basis which would make Canadian wheat financing tolerable, Brannan said that the United States would have to look at the limitation on the importation of United States fruits and vegetables into Canada as well as seeing what arrangements could be worked out for limiting Canadian exports to the United States of agricultural commodities which are in "long supply in the United States". At this stage Brannan referred to last year's Potato Agreement. The fact that it had been cancelled without trouble to date, did not mean that the situation would remain that way indefinitely. The United Kingdom could also play an essential role in making the arrangement palatable. This the United Kingdom could do by taking some bothersome United States agricultural surpluses, in particular eggs. Brannan had stated what he wanted but not how much.

6. Hoffman remarked on the political courage which Brannan had shown to date in trying to make the E.C.A. programme workable and in holding back powerful sectional agriculture interests which were pressing to have their commodities taken care of. What had to be worked out, and this he would not attempt to put diplomatically, was a trade which would show a benefit to United States agriculture.

7. Hoffman agreed with Mr. Howe that the problem which they were trying to solve was only incidentally a Canadian one. In Hoffman's view, Canada and the United States both had to help solve a United Kingdom problem.

8. *Indian Wheat Switch.* Bissell raised the question of whether India, which had bought 15 million bushels of dollar wheat last year, could not get its supplies next year from Australia. The United Kingdom could then take the equivalent amount of United States wheat, which would be eligible for E.C.A. financing. Fitzgerald said that the United States estimated India would require 3 million tons of feed grain imports in '49-50, of which 15 million bushels would be required for the dollar area. Wilson-Smith said the question of India taking Australian wheat had been discussed in London during the meetings of the Commonwealth Finance Ministers. However, what was being looked for then was a net saving for the sterling area.

9. This "switch" has two advantages from the United States point of view:

(i) It eases the United Kingdom's eligibility problem and

(ii) It gives the United States a share in the United Kingdom market.

10. Hoffman acknowledged that the net United States wheat exports would not be increased. Psychologically, however,—and this he regarded as very important,—a token United States share in the United Kingdom market was an essential part of the "package" which had to be sold to Congress. Hoffman, who did a masterful job of leading Secretary Brannan into the troubled waters of Canadian wheat financing, said that he didn't like the word "explore" (which Brannan had used a few times) but preferred to get down to specifics to see what kind of package could be made.

11. Wilson-Smith said that the United Kingdom had tried to help out in difficulties of this sort in the past. This year, however, it would be terribly hard to do so. The revised austerity import program allowed for no imports of miscellaneous foods from the United States. If these had to be taken it would be at the expense either of other essential items in the United Kingdom import program or a further drain on the sterling reserves.

12. Mr. Howe pointed out that Canada can only cover its deficit with the United States with what we earn elsewhere. If these earnings drop below the amount needed to cover our deficit with the United States we are forced to take action through import restrictions to reduce that deficit. Since the United Kingdom earns \$330 million dollars in Canada and we extend \$120 million dollars in credits, the United Kingdom deficit with Canada is much less than the \$309 million dollars needed to purchase the Canadian wheat portion of the United Kingdom's total Canadian expenditures of \$702 million dollars.

13. Brannan emphasized that wheat in the United States, psychologically as well as actually, is a surplus commodity. Recently it had been necessary to store some wheat in liberty ships. Brannan then turned to the amount of eggs the United Kingdom would be prepared to take. The United States had something approaching 412 million dozen surplus eggs in powdered form, some part of which they were anxious to dispose of.

14. On the question of our import restrictions Mr. Howe said that we would continue in the future as we had in the past to conduct our economic relations with the

United States in a spirit of avoiding friction wherever possible. From the outset, when it was necessary to impose restrictions we undertook to relax them as soon as and to the greatest extent we could. Considerable relaxations had already been made in the fresh fruit and vegetable category. We have also taken into account cases which were especially difficult from the United States point of view. Mr. Howe said that the United States could count upon Canada continuing along the road of progressive relaxation of restrictions whenever it is feasible.

15. When by 12:30 nothing very specific had been achieved, Hoffman produced his package, on which he thought that agreement could be reached:—

(1) The United States would agree to finance \$175 million dollars of Canadian wheat.

(2) Canada would allow further additional drawings on the Canadian credit to the extent of \$80 million dollars.

(3) The United Kingdom would take \$30 million dollars of United States wheat as a result of the Indian shift.

(4) The United Kingdom would agree to take \$8 to \$10 million dollars of troublesome United States surpluses. (Eggs would be the chief commodity. Hoffman, however, included apples as well since the United Kingdom is already buying apples.)

16. The package, or at least parts of it, appeared to be as much of a surprise to Brannan as to the other members. Mr. Howe said that he could not discuss additional Canadian credit since this is a question for the Minister of Finance. He pointed out, however, that it looked as if Canada's current account surplus would be so small that the present drawings of \$120 millions a year were more than our balance of payments would permit. There was a moment of misunderstanding on this question. Hoffman, at first, thought that it was the Canadian budget rather than the balance of payments which would be put in the "red" by granting additional credit. He pointed out that the foreign aid programme was at the present moment putting the United States into a deficit position. He was not arguing that this was a reason for reducing the aid programme—far from it. There was, however, a strong feeling in Congress and throughout the country that with the United States in a deficit position the dollars which could most readily be cut were those in the foreign aid programme.

17. Brannan agreed that he would try to clear at once Hoffman's proposals with the key Agricultural Senators. Hoffman said that, for his part, he would try to clear with the leaders of the principal farm organizations, particularly Kline of the American Farm Bureau Federation. Great haste was necessary since the problem had to be solved in time to report to the Ministerial group at 11:00 a.m. on Saturday.

18. Wilson-Smith felt that given the way the discussion had gone, he wished to put on record the real appreciation which was held by the United Kingdom Government and throughout the United Kingdom for the very great contributions which Canada had made in the way of assisting the United Kingdom. The present jam in which the United Kingdom found itself was unfortunately one which had wide repercussions that affected everyone.

19. The morning meeting had been confined to agricultural commodities since Brannan was present. Hoffman suggested that the afternoon meeting, which he could see no necessity for the Ministers attending, could consider the other candidates for E.C.A. eligibility, such as vessel disbursements, petroleum equipment, etc.

20. Other agricultural commodities which were briefly discussed during the morning were:—

Cheese. Brannan said that cheese is now being purchased under the price support programme. As a consequence, any financing of Canadian cheese is out of the question. The situation would be further complicated by the United Kingdom's request to cancel a substantial part of its present commitments to buy United States cheese.

Bacon. Bissell, at first, stated that financing of Canadian bacon beyond the end of the present quarter was out of the question. He subsequently modified his remarks and said that on present indications it should be possible to finance Canadian bacon until the end of the calendar year.

(Note: The notes on the second meeting are given in my immediately following teletype.) Ends.

556.

DEA/4901-L-1-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2513

Washington, September 14, 1949

SECRET

Following for Plumptre from Murray, Begins: My WA-2512 of today's date—notes on the meetings of the Working Group on ECA eligibility, September 9th, 1949 (second meeting).

Second Meeting (3:00 to 4:00 p.m.), ECA Building, Mr. R.M. Bissell in the chair.

Those attending the meeting were:—

United States Messrs. Bissell, Fitzgerald, Van Hyning—ECA; Moore—State Department.

United Kingdom Sir Henry Wilson-Smith, Messrs. Christelow, Goldman and Daly.

Canada Messrs. Mackenzie, Deutsch and Murray.

1. At the afternoon meeting the following degrees of ECA eligibility were conferred upon the items listed below:—

(A) *Wheat*, Canada—\$175 millions. The United Kingdom raised the question of the date they could start getting procurement authorizations for Canadian wheat.

Although this point was not settled it was suggested that it would almost certainly be impossible for ECA to pick up any shipments made before September 1st. The United Kingdom had no detailed information available on the \$33 million dollars worth of cereals scheduled to be purchased by the colonies. Bissell wondered if special efforts could not be made to have procurement authorizations requested for some of these cereal purchases. Wilson-Smith said that, in London, they had often looked at the possibilities of putting colonial purchases under ECA financing. Careful examination had invariably produced the same conclusion. The difficulties were next to insuperable. It would be a "last fling of desperation" if an attempt had to be made to get the colonial purchases over all the hurdles and make them eligible for ECA financing.²⁷

Bissell did not seem to be entirely convinced that the United Kingdom could not do more in this direction. The point, however, was left open.

(B) *Canadian cheese and eggs*. Definitely not eligible.

(C) *Bacon*. Eligible for the rest of this year. Provided that hog prices in the United States remain firm, it is estimated that about \$10 million dollars of Canadian bacon will be eligible.²⁸

(D) *Canadian pulp and paper*. Amount which may be eligible—\$10.6 millions. Bissell said that where purchases are being paid for by dollars it is essential for United States suppliers to have an opportunity to compete on fair and equal terms. He emphasized that this is a point on which the ECA would insist in principle, quite apart from whatever pressure might arise in industry or Congress. Bissell said that provided the opportunity for competitive bidding exists ECA will finance dollar purchases in Canada if they have a perfectly clear case that the ECA requirements of competitive bidding have been observed in the spirit as well as in the letter. To have the bids of United States firms thrown out if they did not have adequate time or full specifications would not be an acceptable instance of proper competition. ECA, he said, is prepared to recognize better prices, materially better delivery dates and better quality as reasons for giving business to firms outside the United States. ECA would not attempt to watch free dollar purchases outside the United States with the same meticulousness with which they watch ECA purchases. If, however, it became clear that a deliberate policy was being followed of using

²⁷ Pour la discussion sur cette question au niveau ministériel, voir la pièce jointe au Document 593.

For the discussion of this question at the ministerial level, see the Enclosure to Document 593.

²⁸ Le ministère britannique de l'alimentation augmenta subseqüemment cette évaluation à 13,7m\$ (cdn) ou 12,2m\$ (É.-U.). Les fonctionnaires canadiens s'inquiétèrent lorsque cet achat fut décrit comme étant du «porc» plutôt que du bacon, alors que le prix du porc était en déclin aux États-Unis. Cette anxiété s'avéra justifiée lorsque des fonctionnaires de l'ACE (suivant les conseils du ministère de l'Agriculture) déclarèrent que le porc et les produits de porc étaient en surplus aux États-Unis, en décembre 1949, de sorte que tout achat au moyen de fonds de l'ACE devrait être fait à partir de provisions américaines.

The British Ministry of Food subsequently raised this estimate to \$13.7m (Cdn) or \$12.2m (US). Canadian officials became anxious when this purchase was described as "pork" rather than bacon, at a time when pork prices were low in the United States. That anxiety was justified when ECA officials (on advice from the Department of Agriculture) declared that pork and pork products were surplus in the United States in December 1949, so that any purchases with ECA funds would have to be from American supplies.

free dollars to exclude United States firms from the possibility of making bids, ECA would, of course, be concerned.

(E) *Canadian timber*—Eligibility uncertain. There was considerable discussion whether the \$23.4 million dollars of Canadian timber would be eligible for ECA financing. (This \$23.4 million consists of \$6.2 million B.C. timber, \$8.2 million Eastern Canada spruce, \$5 million pit props, and \$4 million specialities.) In the end, this was regarded as an item requiring “further explanation before a definite conclusion can be reached”. (As of Wednesday, September 14th no conclusion had been reached.)

(F) *Vessel disbursements*. The United Kingdom had asked that \$30 million dollars of vessel disbursements be put on ECA account. At the meeting Bissell said that ECA was prepared to finance ships bunkers to the value of roughly \$10 million dollars. However, further clearance in ECA on Friday night resulted in the full \$30 million dollar figure being included as eligible. This sum, as well as the one for miscellaneous manufactures was described as an “estimate and subject to further refinement”.

(G) *Petroleum equipment*. The United Kingdom requested that \$85 to \$90 million dollars of petroleum equipment be financed by ECA. Bissell said that this was one question on which he had been unable to get Mr. Hoffman's decision. He must, therefore reserve judgment. Present estimates are that they should be able to finance some \$30 million dollars of petroleum equipment. This would include equipment for refineries in the United Kingdom itself as well as for maintenance of existing refineries in the United Kingdom and outside territories.

(H) *Tobacco (United States)*. An additional \$19.6 million would be eligible.

2. *United Kingdom's Allocation of ECA Aid*. On several occasions, Bissell referred to \$923 millions as a tentative allocation to the United Kingdom. He never implied that there is any prospect of this figure being exceeded.

3. *United Kingdom's carry-over of \$150 million dollars from the first ECA year*. Bissell and the other ECA officials seemed rather surprised at the magnitude of the United Kingdom carry-over of \$150 million dollars on July 1st of this year. The United Kingdom said that the principal reason for the amount being so large was the number of items which had been declared ineligible for ECA financing during the second quarter of this year. It was expected that this pipeline would be decreased probably by one-half during this year. This would mean that from July 1st, 1949, to July 1st, 1950, the United Kingdom would have to find roughly \$998 million (923 plus 75) of eligible items.

4. The items which were declared eligible during the two meetings amounted to some \$280 million, which, plus the \$30 million dollars of wheat the United Kingdom would take from the United States as a result of the Indian switch, meant that it was possible to see \$995 million of ECA financing (685 plus 280 plus 30) for the United Kingdom during the fiscal year. It was pointed out this allowed the United Kingdom no leeway whatever. The United Kingdom's problem of using up ECA dollars appears certain to remain a constant headache *throughout* this fiscal year.

The mimeographing of the report of the Eligibility Committee (COM/TOP D-3)† was not completed in the State Department until today. Copies will be forwarded in Thursday's bag. Ends.

5^e PARTIE/PART 5DISCUSSIONS ÉCONOMIQUES TRIPARTITES
TRI-PARTITE ECONOMIC DISCUSSIONS

557.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, June 20, 1949

...

CANADA-U.K. TRADE AND FINANCIAL RELATIONS

1. *The Prime Minister*, referring to the discussion of June 16th,† read a top secret and personal message which he had received from the U.K. Prime Minister on June 18th. In view of the urgent character of the message, it had been discussed with the Minister of Finance on June 19th and a reply had been sent that night to Mr. Attlee.

Mr. Attlee's message stated that, in the last six weeks, the dollar deficit of the sterling area had been increasing to an extent which was causing grave concern. U.K. reserves were falling rapidly and the seriousness of the situation would be revealed with the publication of figures at the beginning of July. These developments were attributed to the impact, directly and indirectly, of the trade recession in the United States. As an interim step, all new commitments for dollar expenditure had been stopped and the U.K. government proposed a meeting of Commonwealth Finance Ministers in London early in July. The comments of the Canadian government were sought on this proposal.

In the reply which had been sent it was explained to Mr. Attlee that no immediate indication of the views of the Canadian government could be given. In the absence of most members of the Cabinet, it was at present impossible to have the full consultation which was necessary. In the circumstances, it was urged that no announcements be made at present.

2. *Mr. St. Laurent* stated that, to explain the Canadian viewpoint, and to represent the views of the Prime Minister, and the Minister of Finance, the Secretary to the Cabinet was proceeding to London immediately. Mr. Robertson would, of course, make no commitments involving the Canadian government. He would, however, urge the undesirability of the U.K. government or Commonwealth governments taking any step which might have an adverse effect on U.S. public opinion, particularly in relation to current consideration by Congress of measures of European assistance.

3. *Mr. St. Laurent* also read a message which had been sent to the Secretary of State for Commonwealth Relations in reply to his message of May 27th concerning relaxations on imports from soft currency areas.

The message explained that the Canadian government fully understood the U.K. desire to exempt from quantitative restrictions imports from O.E.E.C. countries with which the United Kingdom enjoyed a favourable balance of trade; similar treatment for dependent overseas territories could be accepted. Canada would, however, be seriously worried about extension of relaxations to all soft currency areas or even to other overseas members of the sterling area. It was urged that the United Kingdom endeavour to separate the two aspects of their proposals. In any event, it was hoped that any public announcement could be deferred until there had been an opportunity for full Cabinet consultation.

(Top Secret and Personal message for Mr. St. Laurent from Mr. Attlee, June 17 and reply, June 19, 1949; Telegram No. 33, External Affairs to Secretary of State for Commonwealth Relations, June 19, 1949).²⁹

4. *The Cabinet*, after considerable discussion:

(a) noted with approval the report of the Prime Minister concerning the reply sent to the message from Mr. Attlee concerning possible Commonwealth consultation on trade and financial problems; and

(c) noted with approval the reply sent to the message from the Secretary of State for Commonwealth Relations concerning proposed relaxation of U.K. import restrictions and the Canadian attitude thereto and agreed that the Canadian Ambassador in Washington be directed to acquaint U.S. authorities informally and confidentially of the nature of the Canadian reply.

558.

PCO/Vol. 108

Note du secrétaire du Cabinet pour le Cabinet

Memorandum by Secretary to the Cabinet to Cabinet

[Ottawa], June 28, 1949

UNITED KINGDOM ECONOMIC POSITION

1. On June 17 Mr. Attlee sent a message to the Prime Minister³⁰ stating that a serious situation had developed owing to a sharply increased drain on U.K. gold and dollar reserves. There was no indication that this situation would right itself of its own accord. The position would be revealed publicly when quarterly figures were published on July 5. The U.K. attributed the development to the effects of the trade recession in the U.S. To consider measures to meet the situation they felt there should be a meeting of Commonwealth Finance Ministers in London early in July. The date of *July 13* has since been suggested. The proposal, but not the exact date, has now become public, apparently through leaks in London.

²⁹ Documents 618-620.

³⁰ Voir/Sec: Document 618.

2. On June 19 the Prime Minister replied³¹ saying that, as consultation with the full Cabinet was not possible, he could not give immediate indication of the views of the Canadian government. He added that the Secretary to the Cabinet was leaving for London at once to explain considerations important from the Canadian point of view.

3. In London I saw Mr. Attlee, and the Ministers and officials in the departments directly concerned. I stressed our desire to have no publicity whatever concerning the proposed meeting until our Cabinet had considered the matter. I explained our doubts as to whether a Commonwealth meeting was appropriate, rather than a sterling area meeting or a meeting that would include the U.S. as well as ourselves, and stressed the undesirability of any action that might appear to be directed against the U.S. It would be undesirable to concentrate attention upon the U.S. recession without considering other factors in the problem. I also mentioned our regret that, because of our particularly difficult position, we had not been asked whether we could participate before the invitations to a Commonwealth meeting had been sent out.

4. I was told that the U.S. had been informed, both of the serious turn in the U.K. position and of the proposal to hold a Commonwealth meeting. Mr. Bevin has also sent a message to Washington urging that the Secretary to the Treasury (Mr. Snyder), who had been planning to go to Europe later in July, go over at once to discuss the situation. It has now been learned that Mr. Snyder proposes to leave Washington on June 30, and be in London before July 5.

5. In Mr. Bevin's message to Washington he added that he proposed to invite the Canadian Minister of Finance and his advisers to come to London at the same time as Mr. Snyder. This was mentioned in such a way that the suggestion could be dropped if the U.S. objected. The invitation has not, thus far, been forthcoming but there is no indication that this is because of any U.S. objection. Information from London on June 27 was that the U.K. expected to send a message to us "within the next day or so". Attendance at a three-way meeting along with the U.S. would remove a great deal of the possible danger in our attendance at a Commonwealth meeting. It would not, however, make our position at such a meeting, as a dollar country among sterling area countries, less difficult.

6. As to the British financial problem, information from the U.K. is that their gold and dollar reserves are declining at the rate of \$600 million per year after allowing for ECA aid and drawings on the Canadian loan. By December 31 they are expected to reach \$1.6 billions if the trend continues. The U.K. attribute the loss mainly to a reduction in dollar earnings, visible and invisible, which, they feel, is due mainly to a falling off in demand resulting from the decline in economic activity in the U.S.—aggravated by the effects of speculation about the devaluation of the pound.

Information from Washington is that the preliminary view of U.S. authorities is to emphasize the following factors in the U.K. position:

³¹ Voir/See: Document 619.

(a) Loss of marginal dollar exports due to high British prices and to declines in market prices for colonial raw materials.

(b) Loss of dollar earnings through sales of sterling area goods, which should be paid for in dollars, for cheap sterling acquired on free markets.

(c) Too heavy drawings by the "Rest of the Sterling Area" on the dollar pool.

7. The U.K. have not stated what remedies they propose. Sir Stafford Cripps indicated that he felt the basic approach should not be toward reduction of dollar imports alone. However, the U.S. have apparently been informed that the U.K. feel that their own dollar imports will have to be cut by \$400 million per year, and those of the Rest of the Sterling Area by \$200 million per year. The preliminary U.S. feeling is that, in addition to cuts in dollar imports, more stringent U.K. export controls and tighter limitations on drawings by the rest of the sterling area will be needed, but that, in the end, devaluation of sterling will have to be resorted to. Whatever solutions are arrived at cannot fail to concern Canada very directly.

8. Matters for decision at present are:

(a) The reply to be sent to the latest message (June 25) from the British Government asking whether Canada can attend a Commonwealth meeting on July 13, and, if so, whether the Minister of Finance will attend and who will accompany him.

Sir Stafford Cripps indicated in London a strong desire that Canada attend, partly as a moderating influence on countries that would tend to blame the U.S. for the situation.

(b) Whether the invitation should be accepted, if it is forthcoming, for the Minister of Finance to attend the meetings in London along with the U.S. Secretary of the Treasury.

If no such invitation is forthcoming, it is for consideration whether action should be taken to press for one, or to urge a separate Canada-U.K. meeting between the date of the U.S.-U.K. meeting and the Commonwealth meeting.

N.A. ROBERTSON

559.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, June 29, 1949

U.K. ECONOMIC POSITION; PROPOSAL FOR COMMONWEALTH MEETING

3. *The Prime Minister*, referring to the discussion of June 20th, reported on information received concerning the U.K. economic position. The Secretary to the Cabinet had explained to U.K. authorities considerations relating to the proposal for a Commonwealth meeting which were important to Canada. The U.K. had since proposed that the Secretary and Assistant Secretary of the U.S. Treasury visit London early in July to discuss the U.K. economic situation and it was expected that Mr. Snyder would be going over immediately. The U.K. had also suggested to U.S.

authorities that Canadian representatives might be asked to be in London at the same time, but no invitation had as yet been received. Any tri-partite discussions would probably be informal.

A message was being sent to the U.K. to suggest that, if tri-partite discussions were not arranged, it would be desirable to have a meeting of the U.K.-Canada Continuing Committee on Trade and Economic Affairs immediately. The Deputy Minister of Finance, the Secretary to the Cabinet and Mr. Louis Rasminsky of the Bank of Canada were going to London, to be available for tri-partite discussions or to represent Canada at the meeting of the Continuing Committee, as the case might be.

With regard to the Commonwealth meeting, a message from Mr. Attlee of June 25th suggested that it open on July 13th. Word was sought as to whether the Minister of Finance would be able to attend. In view of speculation in the press, Mr. Attlee expected to announce, on June 30th, that a meeting of Finance Ministers had been proposed.

It might be desirable to get further information as to whether conversations with U.S. representatives or tri-partite discussions would take place prior to the Commonwealth meeting before sending any definite reply as to Canadian representation at the latter.

An explanatory note was circulated.

(Secretary's memorandum, June 28, 1949—Cabinet Document 980; letter, Acting U.K. High Commissioner to Prime Minister, June 25;† top secret message, U.K. government to Canadian government, June 28, 1949†).

4. *The Cabinet*, after considerable discussion, noted the report of the Prime Minister concerning the U.K. economic position and agreed:

(a) that an immediate meeting of the U.K.-Canada Continuing Committee on Trade and Economic Affairs be suggested if tri-partite discussions to include the United States could not be arranged; Canadian representation to be as indicated;

(b) that the reply to Mr. Attlee request further information as to conversations with the United States before sending definite word as to Canadian representation at the proposed meeting of Commonwealth Finance Ministers; and,

(c) that it would be desirable for the Minister of Finance to attend the Commonwealth meeting on behalf of Canada.

560.

DEA/50010-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1779

Washington, June 29, 1949

TOP SECRET

Following for Heeney from Wrong, Begins: Proposed discussions in London.

1. Confirming our telephone conversation, Martin has told me apologetically that they have not yet decided on their itinerary and it is not even quite certain whether they will go to London. He remarked that the original purpose of the trip had been primarily to talk to their own Treasury people in European capitals and that it was now being blown up into something quite different. They may not leave Washington until next week and plan then to go to Paris. After talking to their own people there they might go on to London around July 8th or 9th. He will give us the itinerary when it is settled.

2. They are not prepared for a full-dress discussion in London and have not much to offer themselves. Martin does not like the British proposals with respect to Article 9 of the Loan Agreement, on the ground that they do not make much sense taken by themselves and that if they wish to have Article 9 waived they should invoke Article 12, decide whether the Agreement is obsolete and, of course, go to Congress on the issues. As we know, they will not go to Congress at this session. He added that he was prepared to construe broadly the exception in favour of war-damaged economies but was puzzled about the position of Belgium and Switzerland in this connection.

3. On Canadian participation Snyder's view was that he was always pleased to talk with Mr. Abbott, for whom he had a great liking and respect, and that a prior discussion between them would be welcome if it were possible. He suggested that if Mr. Abbott wanted something more definite he might speak to Snyder on the telephone.

4. In general he remarked that he was at a loss to figure out what ought to be done and agreed with my observation that there seemed to be a good deal of frustration in Washington, London and Ottawa on how to proceed.

5. I have also had a word with Labouisse in the State Department. He tells me that he expects Douglas will take part in the London talks if they come off, but had little more to add. The British here heard this morning by telephone and telegram from London on the question of Canadian participation in the talks and took the matter up with both State and Treasury Departments. In view of the uncertainty of Snyder's plans I doubt that a very definite answer can be given, but I think that we have enough to justify our going ahead as we are doing.

6. There is some possibility that Hoffman and Bissell may soon visit Europe on a schedule which would overlap with that of Snyder. The general situation is being

discussed today in the National Advisory Council, and I hear that Acheson is himself representing the State Department. Thorp usually goes in his place. Ends.

561.

CH/Vol. 2085

*Note du premier secrétaire, haut-commissariat au Royaume-Uni
au haut-commissaire au Royaume-Uni*

*Memorandum from First Secretary, High Commission in United Kingdom
to High Commissioner in United Kingdom*

TOP SECRET

[London], June 29, 1949

SUGGESTED CANADIAN PARTICIPATION IN THE TALKS WITH
SECRETARY-OF-THE-TREASURY-SNYDER

Mr. Heeney telephoned at 3.35 this afternoon on this subject, and I took the call. Heeney was somewhat disturbed that no invitation had yet been received from the United Kingdom to participate in the proposed talks with Snyder. I told him that I had been talking with the Foreign Office within the preceding half hour, and had been informed that the invitation was being withheld pending confirmation from Washington that Snyder was agreeable to Canada's participation. I added that when I spoke with Gore-Booth in the Foreign Office he was in the process of sending off a telegram to Washington pressing for some indication of the United States reaction.

2. Heeney then explained the situation in Ottawa which made this a matter of great urgency. He began by saying that what he was going to say was subject to confirmation at a meeting within an hour and a half of the principal Cabinet Ministers concerned. The following is the situation in Ottawa as outlined by Heeney:

(a) If Canada is to participate in the proposed trilateral talks, it will be essential for Dr. Clark to attend. In order for Dr. Clark to attend it would be necessary for him to leave Ottawa within a matter of hours, since (in view of the condition of his back) he cannot travel by air but would have to catch the Queen leaving New York tonight or tomorrow morning.

(b) Accordingly, it has become necessary for Ottawa to make some final assumption within the next few hours concerning Canadian participation in the talks with Snyder. They must either assume that they will be invited and make immediate travel plans accordingly. Or, they must assume that they will not be invited. If they make the former assumption and it proves to be incorrect, there will obviously be great embarrassment. If they make the latter assumption, they will find themselves in the position of being unable to participate even if an invitation does come through eventually. Heeney, Robertson and the others are recommending to Cabinet that they should assume that they will be invited and proceed accordingly. They feel that they are justified in recommending this assumption on the grounds (i) that the United Kingdom are believed still to favour Canadian participation, and (ii) Hume Wrong has had some indications from Sir Oliver Franks in Washington that at least Acheson is in favour of Canada's taking part. According to Heeney, Hume Wrong had a talk with Franks just before the latter's departure

from Washington when Franks told him that in a conversation with Acheson over dinner on Monday night he had asked Acheson for his views on Canadian participation. According to Franks' report to Hume Wrong, Acheson was very much in favour of Canada's joining the talks. Acheson was reported to have added that he felt sure Snyder felt the same way about it.

(c) Heeneey asked me to see the Foreign Office and pass this information on to them and then to report any reactions or additional information.

(d) The intention is that Dr. Clark, Mr. Robertson, and someone from the Bank of Canada will sail on the Queen. The trip over would provide an opportunity for them to discuss the line which might be taken in the light of the preparatory talks in Ottawa. Mr. Abbott would fly over a few days in advance of the date for the meeting. Heeneey indicated that no one from the Department would be included in the party from Ottawa since it was assumed that you would participate with the Ottawa group in the talks (and that I would assist you).

(e) No conclusion has yet been reached in Ottawa on the question of participation in the Commonwealth talks. It is assumed however, that if, in the light of any talks with the United States and of other factors, it is decided to take part in the Commonwealth talks, the party from Ottawa would remain for those talks.

3. I immediately saw Paul Gore-Booth (who is dealing with this matter in the absence of Makins and Berthoud) at the Foreign Office. The results of my conversation with Gore-Booth are reported in the attached telegram (No. 1344).†

4. I have now had a telephone call from Gore-Booth (5.35) saying that he had talked with Hoyer-Millar in Washington. According to Hoyer-Millar the matter had not been settled at the time Franks left Washington. Hoyer-Millar added that Hume Wrong has been after him pretty persistently for some word. Hoyer-Millar asked Gore-Booth whether he thought the time had now come when they had to ask the United States straight out whether they were in favour of Canadian participation. Gore-Booth replied that the question should be put immediately. As soon as Hoyer-Millar has some answer from the United States he will inform Hume Wrong in Washington and, upon its receipt here, Gore-Booth will let us know. Meanwhile Gore-Booth is getting on to Don Bliss at the United States Embassy to find out whether the Embassy can do something to hasten a favourable reply from the United States.

I have not cabled this to Heeneey as I think it adds nothing substantial to what I have already reported.

On the arrangements for the Commonwealth talks, the following is the latest information which I have been able to secure from Garnett in the C.R.O.:(a) An official announcement is expected to be made tomorrow morning concerning the Commonwealth talks. According to Garnett, the text of the proposed announcement has been telegraphed to Ottawa and the Canadian authorities have replied that they have no objection to it.

(b) It is proposed to hold a meeting of High Commissioners within the next few days to discuss arrangements for the accommodation of delegations and plans for the meeting.

(c) The Secretary of State will probably be sending a communication tomorrow on the progress so far in arranging the talks and on related matters.

A.E. RITCHIE

562.

DEA/50010-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, June 29, 1949

The situation concerning our invitation to the proposed tripartite talks in London is very confused. The United Kingdom have not sent the invitation yet because they have not yet received U.S. reactions to the proposal that we be included. I have, however, told Canada House this morning that we are proceeding on the assumption that we will participate in a three cornered meeting before the Commonwealth meeting. (The assumption being based on Frank's report of Acheson's immediately favourable reaction). Robertson suggests that *in any event* there is a strong case for U.K.-Canada conversations before the Commonwealth meeting takes place. Such discussions could conveniently take place as a meeting of the U.K.-Canada Continuing Committee on Trade. All of the proposed participants come from departments represented on the Committee and are directly interested. A meeting now would make it unnecessary to have the meeting proposed for later in the year and would provide an ideal forum for discussion of the present critical situation.

We have accommodation on a "Queen" from New York tomorrow for Clark, Robertson and (I hope) Rasminsky, whom the Bank have nominated.

If the suggestion for a meeting of the U.K.-Canada Trade Committee meets your approval, you may wish to propose it at this morning's meeting of Ministers so that a message could be sent at once to London putting the proposal to them.³²

If the Committee is to meet it might be that Trade and Commerce and Agricultural representatives should also attend.

A.D.P. H[EENEY]

³² Note marginale:/Marginal note:
Done LB P[earson]

563.

LSL/Vol. 234

Note du secrétaire du Cabinet pour le Cabinet
Memorandum by Secretary to the Cabinet to Cabinet

TOP SECRET

[Ottawa], July 6, 1949

UNITED KINGDOM ECONOMIC POSITION; DEVELOPMENTS SINCE THE LAST MEETING
OF CABINET

1. After the last meeting of Cabinet on June 29 word was received that the U.S. had accepted the invitation to discussions in London and were agreeable to having Canada included. The same day the Chancellor of the Exchequer invited the Canadian Government to send a minister to be present at talks between the U.S. Secretary of the Treasury and the U.K. authorities in advance of the Commonwealth meeting. The next day the Prime Minister sent a message to Mr. Attlee stating that Mr. Abbott would attend the Commonwealth meeting, and would be available for earlier talks with Mr. Snyder.

2. The same day, June 30, the Prime Minister announced:

(a) That Canada had been invited to the Commonwealth meeting and that Mr. Abbott would attend;

(b) That the Deputy Minister of Finance and the Secretary to the Cabinet had left for London;

(c) That preliminary informal talks would be held with the U.K. and U.S. authorities prior to the Commonwealth meeting; and

(d) That Mr. Abbott expected to have discussions with Mr. Snyder on "problems of mutual concern".

3. Mr. Snyder and Mr. Martin (Assistant Secretary to the U.S. Treasury) are now in Paris. It is thought that they will be in London about July 7 or 8 but Mr. Snyder has so far not made any definite arrangement. It is not entirely clear whether actual three-way discussions will take place, or whether there will simply be informal bilateral discussions between Mr. Snyder and U.K. representatives, Mr. Snyder and Mr. Abbott, and U.K. representatives and Mr. Abbott. It is thought that the U.S. indefiniteness arises mainly from uncertainty as to what the scope of the talks with the U.K. should be. It is understood that the U.S. are willing to examine any proposals the U.K. may make, but will not have any proposals to make of their own.

4. We have had no indication that the U.K. government have yet determined the line to be followed by their representatives in the talks with Mr. Snyder and Mr. Abbott or with the Commonwealth group. A press report this morning states, however, that the U.K. Cabinet yesterday approved "a drastic new plan" to save dollars.

5. Mr. Abbott left last night (July 5) for London and the attached statement† has been prepared for release to the press at 10:00 p.m. this evening.

As the U.K. members of the Continuing Committee will all be involved in the discussions with the U.S. and in the Commonwealth discussions, it is probable that there will be no opportunity for a formal meeting of the Committee. However, we

have stressed the value of maintaining contacts between the members of the Committee, and using this occasion for informal discussions.

Relaxation of U.K. and O.E.E.C. Import Controls

It is reported in the press to-day that the O.E.E.C. countries yesterday (July 5) announced that they had agreed to "forthwith take the necessary steps for the progressive elimination of quantitative import restrictions between one another, in order to achieve as complete a liberalization of intra-European trade as possible by 1951".

Information just received from London (telegram 1373, attached)† is that Mr. [Harold] Wilson, President of the Board of Trade, will announce in Parliament tomorrow that the O.E.E.C. agreement is on the basis of the proposals submitted by the U.K. With regard to extension of the U.K. relaxations beyond O.E.E.C. countries, Mr. Wilson will add:

"While in present circumstances we clearly cannot contemplate the extension of our relaxations to countries with which our balance of payments would thereby involve us in gold or dollar payments, we should clearly need to apply these relaxations, wherever this could be done without creating new balance of payments difficulties to other Commonwealth countries in the sterling area, as also to foreign countries outside the O.E.E.C. with whom our commercial arrangements render this possible. This raises certain questions in respect of our international obligation".

The only indication we have had as to the U.S. position on extension of relaxations to non-O.E.E.C. soft currency countries is a confidential report from our Ambassador in Washington that the U.S. view is the same as our own, and that they would be most reluctant to approach Congress for the waiver of Article 9 of their loan agreement with the U.K.

R.G. ROBERTSON
for the Secretary to the Cabinet

564.

DEA/50010-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1357

London, July 1, 1949

TOP SECRET

Following from Wilgress, Begins: Reference my telegram No. 1356 of June 30th.†

1. I saw Mr. Douglas, the United States Ambassador, this morning, and he told me that he was leaving London for Paris by the night train on July 4th to meet Mr. Snyder, who is due in Paris on Monday. He expected that Snyder would be arriving in London on July 7th.

2. Douglas expressed gratification that satisfactory arrangements had been made for Canadian participation in the talks with the United Kingdom. He himself had urged this on Washington before he saw Mr. Norman Robertson. He considered that we had a key role to play, particularly as we could say things to the United Kingdom that the United States could not say.

3. Douglas did not look for anything specific to come out of these talks. He had strongly advised his Government not to make any specific proposals. In particular he had urged them to refrain from any suggestion such as devaluation or non-monetary measures such as abolition of the five-day week. He felt this was imperative because he was confident there would be an election in the United Kingdom before the end of the year, and the United States must at all costs be kept out of the domestic political scene. He believed there might be two elections, the second of which would be fought on the basis of the formation of a coalition Government, because he felt that only a coalition Government could bring the United Kingdom out of its present troubles.

4. Therefore, in his view, the coming talks will provide an opportunity for a full exchange of information and appreciation by all parties of the difficulties confronting the United Kingdom, but no specific measures will be forthcoming apart from short-run palliatives to relieve the immediate situation. He was urging on his people to make no suggestions themselves, and felt that any suggestions should come from the United Kingdom side. This did not, however, preclude the United States from putting forward some proposals for temporary easing of the situation until the more fundamental difficulties could be tackled by the United Kingdom itself.

5. Mr. Douglas repeated several times that while the United States could not suggest measures which the United Kingdom could take, Canada was in a different position and could do so. He believed we could play a useful role by, from time to time, making the United Kingdom realize that the remedies for the situation were in their own hands. Ends.

565.

DEA/50010-40

Rapport du premier secrétaire, haut-commissariat au Royaume-Uni

Report by First Secretary, High Commission in United Kingdom

TOP SECRET

[London, July 7, 1949]

FINANCIAL AND ECONOMIC DISCUSSIONS WITH THE UNITED KINGDOM, JULY, 1949

Informal Notes on Talks between United Kingdom and Canadian officials at dinner, Thursday, July 7, 1949

The following were present at the dinner arranged by Mr. Robertson at the Dorchester Hotel (listed in clockwise order around the table):

N.A. Robertson
Sir Oliver Franks,
Dr. W.C. Clark,

Secretary to Canadian Cabinet
U.K. Ambassador, Washington
Deputy Minister of Finance

T.L. Rowan,
 L. Rasminsky,
 Sir Alexander Clutterbuck,
 Sir Norman Brook,
 L.D. Wilgress,
 Sir Percivale Liesching,
 A.E. Ritchie,
 Sir Edwin Plowden,
 M.W. Mackenzie,
 Roger Makins,
 Sir Henry Wilson Smith,

U.K. Treasury (Overseas Negotiations)
 Chairman (Alternate) of F.E.C.B.
 U.K. High Commissioner, Ottawa
 Secretary to U.K. Cabinet
 Canadian High Commissioner, London
 Commonwealth Relations Office
 Canada House
 U.K. Central Economic Planning Staff
 Deputy Minister of Trade and Commerce
 Foreign Office (Economic)
 U.K. Treasury (External Finance)

The notes below are quite informal recollections which were recorded on the Sunday afternoon following the dinner, for whatever value they might have as an aide memoire to the other Canadians who were present.

In the "pre-prandial" conversation Makins remarked that Bevin had been much upset by the transmittal to Congress and publication the previous day of the observations by the National Advisory Council on the "reevaluation of some currencies". Bevin seemed to regard this action as further evidence of a lack of responsibility and consistency in the U.S. Administration. However, according to Makins, the press conference by Acheson had given some comfort to Bevin by playing down this routine report of the N.A.C. and by giving prominence to Cripps' diagnosis of the U.K. position.

The talk after dinner might be grouped somewhat arbitrarily under the following headings:

- I General approach to the tripartite talks.
- II Limitations of participants in the tripartite talks.
 Questioning of distinction between "internal" and "external" aspects of the problem.
- III of the problem.
- IV Relevance of U.S. "recession".
- V Trend of Canadian imports.
- VI Points which Canadians might consider making to U.S.
- VII Commonwealth talks.

I. General Approach to the Tripartite Talks

After dinner Mr. Robertson suggested that it might be useful to have an informal discussion on the forthcoming talks (particularly those with Mr. Snyder), the thinking so far on the problem, the attitudes which might be expected, and the results which might be aimed at. He thought it would be agreed around the table that it was essential, for political as well as economic reasons, to carry the U.S. and Canada along in any course which might be followed in the present situation. Officials and Ministers in Ottawa had been disturbed at the emphasis in the original message from Mr. Attlee (and later in some sections of the U.K. press) on the U.S. recession as the cause of the difficulties. Apart from his doubts on the validity of this diagnosis, he was concerned at the consequences which the adoption of this approach to the problem would have on cooperation with the United States. He had been

encouraged to hear from Sir Oliver Franks of the understanding attitude which he had found in Acheson and Hoffman.

Franks reported that in their conversation with him both Acheson and Hoffman recognized that the Sterling Area would probably need to take emergency action which would be unpalatable to the United States. Apparently, however, they would be prepared to defend such action if it was clearly of a temporary character and was accompanied by more fundamental corrective measures. Franks reported (with confirmation from Wilson Smith) that Cripps was not proposing to begin the talks by attempting to attribute blame or to invite controversy on the relative merits of different types of economic systems. It was Cripps' intention to have the talks commence with a technical examination of the present situation and of its causes. Only after that, according to Cripps' plan, would there be discussion on remedial measures. If the discussion on remedies could be preceded by an examination of detailed causes, it was thought that the temptation to talk of remedies in terms of the usual shibboleths (e.g. "devaluation", the "welfare state", "bilateralism", the "instability of capitalism", etc) might be reduced.

Franks then outlined the objectives of the tripartite talks as he saw them. These objectives might be summarized (somewhat more badly than stated by Franks) in the following terms:

(a) To satisfy the U.S. and Canada that the repugnant measures which the Sterling Area was likely to adopt (and some of the practices already being employed) were matters of "necessity" and not of "policy". For that purpose really to be achieved something might have to be expected from the U.S. and Canada (presumably in the fields of international commercial policy and of domestic economic policy) which would warrant the continuation, or renewal, by the United Kingdom of the pursuit of freer trade with the dollar area, but the U.K. also might reasonably be expected to give some indication that the policies of the sterling area would tend in the same direction. In that connection the U.K. should be prepared to examine in the talks the trend which might be expected in bilateral trading practices, costs and prices, etc., and to demonstrate (as Franks, Wilson Smith and others were vigorous in asserting) that these trends were not likely (and not intended) to build up a bloc separated from the dollar area. But Franks was emphatic in stating that no useful purpose would be served by suggesting that the U.K. might depart from the policy of "full employment." (In conversation on the side Plowden remarked that in his view the present condition in the U.K. represented "over-full employment.") Franks declared that this objective of U.K. policy was no party political matter. "Full Employment" was a "national" objective. (This view appeared to be corroborated by Sir Norman Brook).

(b) To arrange for renewal of talks after an interval. Franks did not seem to think it necessary to press for such talks on Snyder's way back (on his present itinerary) from Europe. He seemed to feel that it might not be undesirable from the U.K. point of view to have a considerably longer interval (possibly of several months). He remarked that on the U.K. side as well as on the U.S. side there was need for some political and economic education which might take time—and which might be accelerated by harsh experience in the meantime (although such experience, pre-

sumably, might equally well be expected to retard or distort the process of education on both sides).

(c) To secure some agreed public statement at the end of the talks which would record the appreciation which each party had of the others' positions, affirm their agreement on general long-term objectives, and announce their intention to renew discussions at a later stage (indicating a definite time if possible). Franks felt that such a statement would be helpful in maintaining or restoring confidence and in restraining extremists on all sides. It was implied that it might have a good effect on some participants in the forthcoming Commonwealth discussions which begin next Wednesday, and on the debate in the House of Commons which is scheduled for Thursday, as well as in discouraging speculation about devaluation. Franks stressed however, that in his view such a statement should be sought only if in fact sufficient basic understanding had been achieved or was in prospect, to justify it.

II. Limitations of Participants in the Tripartite Talks

It was noted that:

(a) Snyder planned to be in London for only two or three days.

(b) He had made it clear that he would not be in a position to take decisions but wished merely to discuss the situation generally;

(c) After London he would be going on a fairly extensive tour before returning to Washington;

(d) He was being accompanied in London by Martin, [G.M.] Willis and [C. Dillon] Glendinning from the Treasury in Washington, Harriman from Paris, and Ambassador Douglas.

(e) None of these was likely to remain behind (except, of course, Ambassador Douglas) to continue discussions.

(f) The party was unlikely to call at London on the return journey.

There was some discussion (for part of which Makins absented himself) on the quality of the U.S. party, and on the officials in Washington who would be available to give consideration to any reporting from the group in London. Mr. Wilgress suggested that Ambassador Douglas appeared to be the one most likely to be reporting fully to Washington. It was not known to what extent Snyder or his party would be reporting to the Treasury or to the President pending their return to Washington. Franks indicated that Acheson would probably personally follow developments in the discussions insofar as they are reported to Washington (it was noted that Willar Thorp would be absent from Washington in Geneva during the talks and for some time thereafter). Makins remarked that Harriman would probably regard himself in these talks as the "trustee" for O.E.E.C.

Franks noted (with confirmation from Wilson Smith and Rowan) that on the U.K. side an important factor might be the fact that Cripps is a very tired man. His tiredness had been aggravated by an attack of dysentery while in Paris from which he had not yet recovered.

III. Questioning of Distinction between "internal" and "external" Aspects of the Problem

Mr. Rasminsky questioned whether the distinction between "internal" and "external" matters which appeared to be implied in some of the remarks during the evening could be maintained and whether all "internal" matters must be regarded as of no concern to other countries. If a country is consuming more than it is producing as indicated by the persistence of its balance of payments deficit it may be open to another country which is affected by that deficit to say that more has to be produced and exported or consumption has to be reduced. It might be quite improper to say which particular technique the country should adopt to live within its means (e.g. whether devaluation, direct reduction of imports, or internal deflation; any of which might secure the reduction) but it would seem to be legitimate in those circumstances to say that something should be done. Liesching appeared to regard this reasoning as representing advocacy of an otherwise avoidable cut in U.K. living standards (rather than as merely a statement of fact) and reacted rather warmly. Franks on the other hand appeared to regard Rasminsky's statement as reasonable.

IV. Relevance of U.S. "recession"

There was some discussion on the disappearance of the "colonial" surplus and on the extent to which it might be due to the "recession" or to other more directly controllable factors such as the suspension or reduction of U.S. Government stockpiling (in the case of most stockpiled materials, because of delay in the appropriation of funds for the undertaking of such purchases by the Bureau of Federal Supply—which has now been put in funds—and in the case of tin, because of the deliberate cessation of purchases by the Reconstruction Finance Corporation—which has now resumed purchasing). It appeared that substantially less than 50% of the deterioration in Rest of Sterling Area earnings was due to difficulties in stockpiling.

There was little discussion on factors other than the "recession" which might have contributed to the decline in earnings from U.K. "manufactures", although there was some suggestion that the position might improve as inventories became more depleted and had to be replenished to some extent. In a casual conversation on the side Plowden indicated that he took a "serious" view of the probable course of the U.S. recession. He thought that unemployment would exceed 6,000,000 (presumably meaning fully unemployed since if partially unemployed are included in proportion to the degree of their unemployment the total is said to be near that figure already) and that recovery would not progress far before next spring at the earliest.

V. Trend of Canadian Imports

It was noted that Canadian imports from the U.K. were keeping up, at least so far.

There was some discussion of the possibility of increasing Canadian imports from the U.K. and Sterling Area, particularly of rubber. Mr. Mackenzie explained that in the case of rubber, Canadian synthetic production was not subsidized; nor

was its consumption now encouraged by excessive tariffs or by any mixing regulations. The synthetic product was now making its way in free competition in Canada.

VI. Points Which Canadians Might Consider Making to U.S.

At Dr. Clark's suggestion there was some discussion on the subjects which the Canadian group might discuss with the U.S., either because they might be in a better position than the U.K. to raise some of them, or because they might have an interest in supporting the position of the U.K. on others. The following topics were mentioned in the course of the discussion:

(a) The possibility of an increased (or restored) E.C.A. appropriation. The U.K. officials were not hopeful that in the present economy mood of Congress anything could be done to influence the E.C.A. appropriation. They were hopeful however, that of the moneys which might be appropriated the U.K. would be able to claim a larger share in view of the deterioration in the U.K. dollar position in relation to other claimants. Earlier in the week Wilson Smith had mentioned some theoretical calculations which had been made of the effect which a decline of 20% in dollar export earnings and of 5% in dollar import costs would have on the dollar balance of payments of various O.E.E.C. countries. According to those calculations the net position of most O.E.E.C. countries would be virtually unaffected because their exports to dollar markets are still such a relatively small part of their dollar balance, whereas the net position of the U.K. would deteriorate by some \$300 million in a year. In any case the U.K. has already applied to O.E.E.C. for an amount in excess of the \$940 million originally requested.

(b) The possible resumption of E.C.A. financing of Canadian wheat. The U.K. officials were anxious that the financing of these wheat purchases be taken over by E.C.A. as soon as possible and suggested that Canada might press the U.S. on this point. The Canadian officials did not comment on the feasibility or desirability of this course.

(c) The delaying of devaluation rumours. The U.K. officials hoped that the Canadians would lend support to U.K. appeals to the U.S. to desist from devaluation talk.

(d) The possibility of a liberalization of the Fund's attitude. The U.K. officials thought Canadian support would be helpful in securing favourable reconsideration of India's application to exercise further drawing rights. Mr. Rasminsky expressed his agreement with criticisms of the restrictive character of the "southard Criteria", but regretted that India should be the test case. Wilson Smith was emphatic in declaring that the U.K. did not intend to use the Fund's resources itself even if the present embargo against E.R.P. recipients were to be withdrawn.

(e) U.S. budget policies. It was noted that although the earlier pressure to maintain or increase taxes had subsided, the U.S. Congress, and even the Administration, seemed to be now in favour of reducing expenditures—with similar deflationary potentialities. Dr. Clark thought something might be said on this subject to the U.S. in the light of Canadian policies.

(f) Resumption or acceleration of stockpiling. The U.K. would be taking up this point with the U.S. and would welcome Canadian support.

(g) More extensive use of U.K. shipping services. Mr. Robertson suggested that shipping was at least one field in which the U.K. might be regarded as able to offer competitive prices even in present circumstances. It might be worth finding out whether obstacles to the more extensive use of U.K. shipping could be removed.

(h) Possible change in the price of gold. This subject was mentioned but it did not seem that it could be discussed profitably in the tripartite talks.

(i) Liberalization of U.K. Tariffs and Customs Administration. It was considered that, although this subject might relate primarily to the longer term, it was a matter on which Canada and the U.K. had an interest in securing some action by the United States.

VII. Commonwealth Talks

The possible influence of the results of the tripartite talks on the atmosphere of the Commonwealth talks has been mentioned above (section I).

With reference to the Commonwealth talks, Liesching emphasized the difficulties expected by the U.K. in resisting the claims of India and Pakistan for larger dollar rations than could be afforded or for what might appear to be excessive releases from sterling balances (and corresponding unrequited U.K. exports). He felt there was considerable weight in their claims based on the contrast between conditions in those countries and in other countries of the Commonwealth and on the need for such imports to prevent serious political unrest. He hoped the Canadian group would have these considerations in mind during the Commonwealth talks. Mr. Robertson remarked that the economic discussions at the meeting of Commonwealth Prime Ministers last autumn had given some indication of the real difficulties involved in dealing with the positions of India and Pakistan.

[A.E. RITCHIE]

566.

PCO/Vol. 108

Note du secrétaire du Cabinet pour le Cabinet

Memorandum by Secretary to the Cabinet to Cabinet

TOP SECRET

[Ottawa], July 13, 1949

UNITED KINGDOM ECONOMIC POSITION; TRIPARTITE DISCUSSIONS IN LONDON

1. Discussions between Messrs. Cripps, Abbott, and Snyder concluded on July 9. The press release stated they had agreed:

(a) That the objectives of all three governments remained as set forth in the International Monetary Fund and the International Trade Organization; and that the aim must be "the achievement of a pattern of world trade in which the dollar and non-dollar countries can operate together within one single multilateral system".

(b) That present difficulties were the result of "deep-seated maladjustments" and could not be remedied "merely by loans or gifts".

(c) That "technical and fact finding discussions" among the three governments be held in Washington in September.

The release added that "no suggestion was made that sterling should be devalued".

2. Mr. Abbott has reported that in the discussions a "tentative outline" was given of a "programme for sharply reduced imports which are calculated to save about \$400 million in 1949-50". A substantial part of the cuts relate to Canadian exports, "particularly base metals, wood products and foodstuffs."

3. The U.K. have indicated that they wish to discuss with Mr. Abbott measures they think Canada might take to ease the short term position of the U.K. They have suggested the following topics:

1. The most active encouragement of United Kingdom and sterling area imports.
2. Greater use of the Canadian credit.
3. Canadian stockpiling of certain strategic raw materials.
4. Direct Canadian Government encouragement for capital goods purchases from the United Kingdom.
5. Active cooperation in avoiding any liability on us to repay Newfoundland's interest free loan of approximately \$8 million.
6. Easement of the arrangements for repayment of the 1942 interest free loan.
7. Some scheme designed to provide Canadian finance for the heavy drain of emigrant remittances to Canada.
8. An immediate decision (corresponding to that requested from the Americans on Section 9 of the Loan Agreement) so as to allow the United Kingdom to go forward, among other things, with the expansion of inter-European trade on the lines of that agreed in O.E.E.C.

With regard to topic No. 8, our reply to the original U.K. proposal (sent on June 19) said Canada could accept the relaxation of import restrictions on a discriminatory basis in favour of O.E.E.C. countries, but would be worried over extension of the discriminatory treatment to all soft currency countries with the exclusion of hard currency countries. Apparently the U.K. want us to agree to accept such further extension. Our information is that the U.S. position has thus far been the same as our own.

4. At a luncheon yesterday the U.S. Ambassador in London (Mr. Douglas) informed Mr. Abbott that he had urged the U.S. government to remove the duty on aluminum to offset "the effect on the Canadian economy of further reductions in U.K. imports from Canada". Mr. Douglas said he would have liked to have suggested the same for lumber, but realized that "as this was not politically possible, it might prejudice consideration of the suggestion regarding aluminum".

R.G. ROBERTSON
for Secretary to the Cabinet

567.

DEA/50010-40

*Deuxième secrétaire, ambassade aux États-Unis
au directeur, direction des relations économiques, ministre des Finances*

*Second Secretary, Embassy in United States
to Director, Economic Relations Division, Department of Finance*

PERSONAL AND CONFIDENTIAL

Washington, July 22, 1949

Dear John [Deutsch]:

I am enclosing one copy of a study prepared by the ECA on the U.K.'s exports to the United States.† This study, which is called, "A Preliminary Analysis of Pre-war and Post-war Volume of US Imports from the United Kingdom Alone as Related to Prices and Unit Values", was given to me by Bob Strange yesterday afternoon, with the request that it be forwarded to you. He also gave me a second copy, to forward to Bob Beattie.

This study, on which the ECA officials have been working for some time, was rushed to completion so that it would be available before Hoffman and Bissell left for Europe. (As it turned out, the antics of the Senate Appropriations Committee have so far made it impossible for Hoffman to leave Washington.) I am sorry that more than two copies of this study are not available for forwarding to Ottawa. In any event, if you think it worthwhile, this document, or at least sections of it, could be reprinted in Ottawa.

When Strange gave me the copies of the ECA study he asked if I knew how the study which is being made in Ottawa is coming along. I told him that I had no idea what the position is, but that he might enquire at Glendinning's office in the Treasury to see if they had received anything from you, since I understood that this particular question was being handled directly between the Department of Finance and the U.S. Treasury. If there is anything that I can tell Strange on this question, or any studies that I can pass on to him, I should be glad if you would let me know.

Phil Brown of the Fiscal and Trade Policy Division of ECA, whom you know, is busily preparing studies on various Sterling Area questions, including estimates on the decline in the U.K.'s standard of living which would result from a devaluation of 25 per cent. It is quite probable that we will be given copies of these studies as soon as they are finished in rough form some time next week.

The acceptance by us of confidential ECA price studies and devaluation studies, etc., raises some questions which I think it would be desirable to have cleared up as soon as possible. I think it is true that all the key ECA officials from Hoffman down regard our interests as being almost identical to those of the United States, in the finding of a short-term and long-run solution to the sterling-dollar problem. Hoffman mentioned this to Mr. Wrong yesterday. (See WA-1970 of July 21st.†) McCollough, head of the Fiscal and Trade Policy Division, and Strange, who is now a consultant to ECA and will spend a good deal of time in Washington until the September talks, and Jim Nelson, head of the U.K. Desk at ECA, have all recently mentioned their desire to "collaborate" with us in the preparation of factual

material for the September talks. I think that we shall very shortly be receiving a more or less formal request from ECA for collaboration in the preparation of material for the September talks. ECA officials are frank to admit that they do not have the people to carry out, in the few weeks which remain, all the detailed studies which are required. For example, ECA officials would much prefer to have Canadian officials prepare the basic factual material on U.K. and Sterling Area trade problems with Canada, rather than attempt to do the studies in Washington, on the basis of material appearing in printed statistical form. No doubt consideration is now being given in Ottawa to the question of the manner and extent to which we should collaborate with the United States authorities between now and September. I thought, however, that you might wish to know in advance of the request which will in all probability be forthcoming from ECA.

I am sending copies of this letter to Wynne Plumptre and to Bob Beattie.

Yours sincerely,

J. R. MURRAY

568.

DEA/50010-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1992

Washington, July 25, 1949

TOP SECRET

Tripartite economic talks in Washington.

1. Christelow, Acting Head of the United Kingdom Treasury delegation, left with me, this afternoon, a copy of a telegram from London, giving the agenda proposed by the United Kingdom for the September talks. (In the event that it may not have reached you as yet, I am quoting the text on the United Kingdom telegram at the end of this message.)

2. Before coming to see me, Christelow had left a copy of the telegram with Martin at the Treasury. Christelow showed no reluctance in disclosing his own regard for the agenda, which he said, appeared to him to be much more suited for a seminar in a graduate school of economics than for the September meetings at which such important decisions would have to be taken urgently. He said that Martin was very unfavourably impressed by the agenda, which he regarded as much too academic in nature.

3. The following is the text of the United Kingdom telegram, Begins:

We should like you to approach the United States and Canadian authorities though Martin and Clark respectively as soon as they have returned with the following suggestions on the agenda for the talks at the official level. We are ready and indeed anxious to discuss fundamental questions on a broad basis but it is from our point of view essential that the talks move in such a way as to focus the subse-

quent Ministerial discussions on the main issues involved, and not dissipate the limited time available.

2. We suggest that the discussions between officials should start from a general survey of the pre-war and post-war situation with special reference to the working of the multilateral system before the war, and the reasons why it has not yet been restored. We, for our part, should relate this to a comparative survey of the balance of payments position of the United Kingdom and the sterling area both pre-war and post-war with, of course, a special analysis of what is happening at present.

3. We consider that certain broad heads ought also to be tabled under which the discussion on the general situation can lend to effective examination of present and future prospects. We suggest the following heads:

- (1) The competitive position of United Kingdom manufacturing industry.
- (2) Price differentials of dollar and sterling primary products.
- (3) Internal financial position of the United Kingdom, United States and Canada in relation to inflation and claims on productive resources for investment and consumption.
- (4) Study of the economic policies of the United States and Canada in their broad international context in particular in relation to import policy and overseas lending.
- (5) Position of under-developed countries, particularly in the sterling area.

4. We would treat these as wide headings bringing out the fundamental issues of policy involved and covering also immediate and specific questions. Under head (1) we would consider the cost structure within the United Kingdom of certain finished products and examine the competitiveness of products of British industry in overseas markets especially Canada. Under (2) we would on our side cover important commodities like rubber, tin and cocoa and the general question of world commodity agreements for selected primary products. Under (3) we would concentrate on our own position. Under (5) we would examine the possibilities of agricultural and industrial development in order to increase levels of production and consumption. Clark suggested that we should investigate the external economic policies of the United Kingdom especially in its relations with other members of the sterling area, and we should cover this in our general appreciation.

5. Subject to any additions or amendments which United States or Canada might wish to also make we would suggest that officials in all three countries should be studying these questions and should come to the meetings briefed to deal with them. We have set on foot the necessary studies and Clark indicated that the Canadians would also do so. We should be glad to learn whether these suggestions commend themselves. Ends.

569.

DEA/50011-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-1875

Ottawa, July 28, 1949

TOP SECRET

Tripartite talks in Washington. Your WA-1992 of July 25 and WA-1997† of July 26.

1. We have now received through Earnscliffe the United Kingdom proposed Agenda which you had already communicated to us in paragraph 3 of your WA-1992. We expect to have some comments and suggestions to make when Robertson and Clark have come back and we have had time to go over the ground with them. Please inform the United States and the United Kingdom authorities of our position.

2. (a) In paragraph 7 of your WA-1997 you raise the suggestion of cooperation between Canada and the United States in preparation for the tripartite talks. You also raise the question whether Strange should visit Ottawa.

(b) Naturally we welcome the suggestion of cooperation as you know, we have thought of sending Plumtre to Washington in advance of the meeting.

(c) However, we doubt whether in the time available and with the staff available useful cooperation is really practicable. There is a great deal of material to be put together in a short time and we must put it together in the way that suits our immediate needs. Almost all our own material will have to be focused on Canadian problems. We think, therefore, that the best results will be achieved if both we and the United States work up our own material independently.

3. Anything which might have the appearance of joint preparations between Canada and the United States might well give the United Kingdom the impression that we were contemplating a joint case at the meetings. This would clearly be undesirable from every point of view.

4. As our preparations go forward in Ottawa we may feel that there are gaps which we would like to fill from the United States; conversely they may want special information from us. We shall be glad to supply whatever we can although we must emphasize that our resources of time and men are very limited indeed. If at a later date Strange would like to visit Ottawa to obtain such information he will be very welcome. Conversely we may feel the need to send someone to Washington.

570.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2022

Washington, July 28, 1949

SECRET

Tri-partite economic discussions.

1. This message will supplement my WA-1997 of July 26th† concerning the preparations here for the economic talks. It is based on further discussions with Glendinning of the Treasury and Strange of the E.C.A.

2. As to the agenda, a United States proposal prepared through consultation between Treasury, State and E.C.A. will receive final approval very shortly. We gather that this is very different from the broad and brief agenda proposed by the British. We have been promised a copy when it has been endorsed by the National Advisory Council.

3. It has been agreed that at the official talks Treasury, State and E.C.A. would be the three agencies represented and that the representatives would be Martin, Thorp and Bissell. I hope that this decision sticks, since this is a good team.

4. On arrangements for liaison with Canada, Strange expressed the hope that Plumptre could visit Washington next week. In his consultations here it was suggested that he should not himself visit Ottawa for perhaps a fortnight. Glendinning enquired whether our representatives at the official talks would consider coming to Washington a day or two in advance of their opening. I must, however, enter a mild warning on the question of collaboration with Canada in preparing for the meetings. We have gathered that some of the officials concerned have a feeling that it is unprofitable to furnish us with classified information unless they receive more in exchange than we have been able to give them in recent months. This feeling may have influenced the decision that Strange should not visit Ottawa as soon as he had intended. I think that they will be willing here to disclose to us in advance their position on most of the points on the agenda and to provide us with classified data in support, provided that we are ready to reciprocate fully.

5. We have received no guidance from Ottawa on the sort of liaison which it is desired to maintain during preparation for these talks, and I appreciate the difficulties arising from the absence of Ministers and important officials. I mention the matter now, however, since it is likely that our representatives will enter the talks without clear knowledge of the position of the United States unless we collaborate fairly fully during the next four weeks. I understand, however, the delicacy of this problem and the importance of avoiding any appearance that Canada is "ganging up" with the United States.

6. The State Department has not yet formally accepted the British proposal for the dates of the official and Ministerial talks, but arrangements are proceeding here

on the assumption that these dates will be met. The Ministerial talks, however, are unlikely to begin before Tuesday, September 6th, since the 5th is Labour Day and both Bevin and Cripps would appreciate a quiet weekend after their arrival, which is planned for the 3rd.

7. I have classified this message as secret although most previous messages have been marked top secret. We shall continue to use this classification unless you notify me to the contrary.

571.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2051

Washington, August 1, 1949

SECRET

Following for Heeney from Wrong, Begins: Preparations for Washington financial talks.

1. I told you on the telephone on Saturday that the suggestion from your end that Strange should visit Ottawa as soon as possible had changed when discussed with Treasury officials here into the suggestion that representatives of Treasury and State as well as E.C.A. should make the trip. This idea was welcomed by those in the three agencies with whom it was discussed. It was subject to final Treasury approval since the Treasury is in general charge of the preparations.

2. I spoke about it to Martin this morning, and he has just told me that he has discussed it with Snyder. Snyder is bothered about inter-departmental complications here. They are trying to keep the Departments of Commerce and Agriculture fully in the picture whenever their interests are concerned, and Martin says they have made a good beginning. He thinks, however, it would be very difficult to send a group including representatives of these Departments to Ottawa and that if the Departments were unrepresented it might prejudice their co-operation in other connections. He says that Snyder has not closed his mind to the suggestion but would prefer to have some people come here from Ottawa instead. I told Martin that I would get in touch with Ottawa and communicate with him again, probably tomorrow.

3. I think that this complication, in view of its source, makes it unwise for us to press for an Ottawa visit now by a group from Washington. It also makes it difficult to revert to the original idea that Strange alone should go. If the alternative of an early visit to Washington by some of our people is feasible, the party should include a representative of the Department of Finance (or possibly the Bank of Canada) as this would be desired by the Treasury here. You will infer correctly that the inter-departmental relationships in Washington are delicate. Ends.

572.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2054

Washington, August 2, 1949

SECRET

Tripartite economic talks. My WA-2040 of July 30† and WA-2028 of July 29th†—United States agenda proposals.

1. We have now received mimeographed copies from the United States Treasury of their revised agenda proposals. This mimeographed version contains four amendments, in addition to those reported in my WA-2040. Rather than attempting to amend the copies of the agenda which you now have, I am quoting below the full text of the agenda received from the Treasury. Text begins:

United States Proposals on Agenda for Discussions with British and Canadians

We are inclined to believe that the topics for discussion at the forthcoming joint meeting at the official level should be more specific than those indicated in the tentative draft submitted from London. Our view is that the discussion of the British economic situation should cover the approach which Britain, in particular, and all of the OEEC countries may take to the decline and termination of extraordinary external financial assistance. The possible patterns of adjustment should be examined in the light of the long-term objectives of the restoration of multilateral trade and convertibility.

In general, there appear to be two broad lines of the adjustment:

(1) Adjustment through an expansion of dollar earnings either directly and/or through third country transactions; and

(2) Adjustment by contraction of imports from the dollar area with alternative sources of supply in soft currency areas developed to the maximum extent possible.

With the foregoing in mind, the following outline of topics is suggested:

1. Possibilities of expansion of sterling area (and continental) dollar earnings to offset declining extraordinary assistance.

A. Internal measures taken by the United Kingdom to improve competitive position.

(I) Domestic financial policy

(II) Productivity, marketing and cost structure of British industry.

B. Exchange rate policy of United Kingdom and continent relative to expansion of exports to dollar area.

(I) Effect of present pattern of exchange rates on direction of exports as between dollar and non-dollar areas.

(II) Effect of present exchange rate policies on pattern of investment and trade within non-dollar area.

C. Sales and marketing techniques in dollar area.

D. Relation of reduction of trade barriers within Europe to increasing competitive efficiency of United Kingdom and continent.

E. Possibility of United Kingdom (and continent) earning dollars through third country transactions as opposed to direct exports to dollar areas.

F. United States and Canadian measures to facilitate imports.

(I) Tariffs

(II) Customs procedures

2. Measures which might be taken to increase flow of dollar investment to United Kingdom, rest of the sterling area, and continent.

A. Private investment

B. Role of public lending agencies

3. Possibilities and consequences of curtailing dollar imports and seeking alternative sources of supply in non-dollar areas.

A. Possibility of substituting non-dollar for dollar sources for Western European imports.

(I) Specific development projects planned or underway.

(1) Ground nut scheme

(2) Australian meat

(3) Southern Rhodesian tobacco

(4) Petroleum

(5) Other(II) Domestic agricultural programme

(III) East-West trade

B. Levels of investment and consumption in United Kingdom (and continent) in event no substantial increase in dollar earnings is achieved.

4. Exchange and trade controls during ERP and post-ERP period.

A. Nature and duration of exchange and trade controls designed to limit dollar imports.

B. Nature and duration of exchange and trade controls designed to expand trade within soft currency areas.

C. State trading, includes bulk purchases

D. Relationship of continental trade and exchange controls to each other and to those of the United Kingdom.

E. Procedure for progressive relaxation of controls in light of long term objectives of convertibility and multilateral trade.

5. Sterling area arrangements relative to United Kingdom dollar problem.

A. Indirect dollar cost of United Kingdom surplus with rest of sterling area.

(I) Handling of sterling balances

(II) Capital outflow to the rest of the sterling area

B. Direct dollar cost of rest of sterling area to United Kingdom

(I) Under what conditions may rest of sterling area make net dollar contribution to United Kingdom.

6. Arrangements (including stockpiling) with respect to individual sterling area commodities. Ends.

2. Following, for your convenience, is a list of the changes in the agenda proposals, begins:

(1) Paragraph 1. A., first sentence: "Internal measures taken by the United Kingdom to increase productivity" changed to read "Internal measures taken by the United Kingdom to improve competitive position."

(2) Paragraph 2. B.: "Role of international lending agencies" changed to read, "Role of public lending agencies".

(3) Paragraph 4. A.: "Nature and duration of exchange and trade controls" subdivided into two sections and changed to read,

"A. Nature and duration of exchange and trade controls designed to limit dollar imports."

"B. Nature and duration of exchange and trade controls designed to expand trade within soft currency areas."

(4) Paragraph 6: "Individual commodity arrangements" changed to read, "Arrangements (including stockpiling) with respect to individual sterling area commodities." Ends.

573.

CEW/Vol. 2159

*Le secrétaire d'État des États-Unis
à l'ambassadeur aux États-Unis*

*Secretary of State of United States
to Ambassador in United States*

CONFIDENTIAL

Washington, August 2, 1949

My dear Mr. Ambassador:

As you know, before Mr. Snyder left London it was agreed that the economic talks between the Governments of Canada, the United Kingdom and the United States would be resumed in Washington early in September and that these talks at ministerial level should be preceded by discussion between officials.

In response to an inquiry from Mr. Hoyer Millar, we have indicated that we would be prepared to begin the talks at the official level as soon as Sir Henry Wilson Smith and his party reach Washington, presumably about August 27. We have proposed that the talks at the ministerial level begin on Tuesday, September 6.

It is my understanding that your Government has indicated that the dates proposed by the Government of the United Kingdom are acceptable, but I assume that your Government would have no objection to the change in date for the talks at the ministerial level from September 3, as proposed, to September 6.

We are looking forward to participation by representatives of your Government in these discussions.

Sincerely yours,
DEAN ACHESON

574.

DEA/50011-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 1429

Ottawa, August 9, 1949

SECRET

Tripartite Talks in Washington.

1. Soon after the Tripartite Talks in London, we received a suggestion from Washington that we should work together with the United States in preparing for the Tripartite discussions in Washington later this month. At first we were hesitant, partly because we feared such co-operation would involve additional strains on a staff here that is both depleted and over-worked, and also because the United Kingdom might misconstrue our actions. However, when Robertson and Clark got back from London, we decided to co-operate as fully as possible, and at the same time to keep the United Kingdom officials in Ottawa and Washington fully informed. Accordingly, Robertson spent last Thursday in Washington. He was accompanied by Plumtre who was in a position to discuss the detailed preparatory work that is being done here.

2. Robertson had a meeting with Martin (Treasury) Bissell (E.C.A.) and Knapp (State Department) substituting for Thorpe. Subsequently, he talked separately to Mr. Acheson and also to Mr. Hoffman. Plumtre had discussions at a rather lower level with each agency involved. The following paragraphs cover the chief points discussed.

3. *Proposed United States Agenda.* We feel that this agenda is too heavily weighted towards the duties of debtors, with too little attention to the responsibility of creditors. United States officials said they had considered dividing their agenda in two sections, but that this had seemed rather invidious. As an alternative, we urged them to consider including such items as the following: the need for creditors to maintain high economic activity; the price support and import quota policies of the United States; United States regulations regarding use of synthetic rubber; etc. We also suggested that the agenda should not start off with items that United Kingdom officials would find it extremely difficult to discuss, such as the United Kingdom budget and exchange rate policy. United States officials showed considerable willingness to accept our suggestions. Subsequently, they have received the official United Kingdom comments on their agenda. These comments are relayed in our immediately following telegram. Both the United States officials and ourselves feel

that there probably should be a brief agenda that can be disclosed to the press, and also an annotated agenda which would contain items that should not be disclosed.

4. *Results of Commonwealth Discussions.* United States officials showed considerable interest in what had gone on in London. Unfortunately, the United Kingdom has not yet been able to release to them the agreed recommendations of the conference. We have urged the United Kingdom officials both here and in Washington to get this paper to the United States as soon as possible. It emphasises the responsibilities of creditors and might, therefore, do something to redress the balance of thinking in Washington.

5. *Devaluation.* Different agencies place rather different emphasis on this matter. In E.C.A., views are expressed that unless this step was taken, all other discussions were useless. In the State Department, it is regarded as simply one of many measures that should be taken. Treasury seem to stand a little closer to E.C.A. than to State Department.

6. *United States Custom Procedures.* Mr. Hoffman has recently become concerned about this matter. We shall be supplying to all of the U.S. agencies interested in it instances of how their "invisible tariff" impedes imports.

7. *Article 9 of Loan Agreement.* In both State and Treasury Departments, this was described as the "most difficult" item for discussion in Washington as far as the United States administration was concerned. They have not yet made up their minds how to handle it. They are not greatly worried by the implications for United States trade, but they are greatly worried about the reception in Congress if the matter had to be raised there. U. S. Treasury hopes to get the United Kingdom to move in the desired direction in an unostentatious way which would not precipitate an approach to Congress.

8. *Foreign Investment.* E.C.A. and Treasury are canvassing further encouragement to private investment. Guarantees, at least against transfer risks, seem to be involved. In addition, United States investors place considerable emphasis on commercial treaties such as the United States has negotiated with Latin American countries and which guarantee United States investors against discrimination. Apparently, the United States had discussed with the United Kingdom in the past the possibility of such a treaty covering Colonial areas, but has not been encouraged.

9. *United States Domestic Policy.* Robertson emphasized very strongly throughout his discussions the primary need for maintaining "boom" conditions in the United States. This has a direct effect in obtaining imports. It also makes possible tariff reductions and other adjustments. United States officials pointed out their constitutional limitations. In addition, there has been a good deal of aversion in Washington recently to cyclical budgeting, pump priming, etc., and a great deal of lip service to balanced budgets. In any case, as Robertson himself emphasized, if the United States administration is to go forward on the desired path, it will have to be for domestic reasons and not merely to facilitate imports from the United Kingdom. Statements made in the President's mid-year message may, however, prove useful if, as we hope, some reference to this matter comes up in the Tripartite Talks.

10. *Canadian Position.* Most United States officials do not seem to have realized yet how the deterioration in the United Kingdom position will inevitably produce a deterioration in our own home position. Our officials did not stress this point in Washington at this time.

575.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2148

Washington, August 12, 1949

SECRET

Agenda for Tripartite talks (Officials).

The revised United States proposals on agenda for discussions with British and Canadians is repeated below in full to avoid any confusion that might arise from making numerous amendments.

2. This agenda is still subject to changes that might be requested by the United Kingdom and Canada, and even on the United States side is not definitive. An effort is being made by the Treasury Department to limit changes suggested by United States agencies as it is felt that the agenda has become far too long and probably, in cases, too specific. It is thought that the exact wording of the agenda has now received too much attention from too many sources, and that the presentations which each country wishes to make will be made whether or not the context fits exactly an agenda heading.

3. It will be noted that the agenda is still in its original form, but this does not mean that United States opinion is against the adoption of one public and one secret agenda. This suggestion is associated with the approach to publicity which has not been considered as yet.

4. The wording of the agenda, marked secret, follows:

United States Proposals on Agenda for Discussions with British and Canadians
Secret.

1. General survey of pattern for multilateral trade and payments.

(a) How this pattern worked pre-war, and what it accomplished.

(b) Present obstructions exposition of recent history and present international position of United Kingdom and sterling area.

(c) Possibility and conditions of progress toward its recreation.

2. Possibilities of expansion of sterling area dollar earnings to offset declining extraordinary assistance.

(a) Internal measures taken by the United Kingdom to improve competitive position.

- (I) Domestic financial policy.
 - (II) Specific measures to reduce cost structure of British industry (production techniques, industrial and marketing structure, labor productivity, etc.).
 - (b) Exchange rate policy of United Kingdom relative to expansion of exports to dollar area.
 - (I) Effect of present pattern of exchange rates on direction of exports as between dollar and non-dollar areas.
 - (II) Effect of present exchange rate policy on pattern of investment and trade within non-dollar area.
 - (c) United Kingdom sales and marketing techniques in dollar area.
 - (d) Relation of reduction of trade barriers within Europe to increasing competitive efficiency of United Kingdom.
 - (e) Possibility of United Kingdom earnings dollars through third country transactions as opposed to direct exports to dollar areas.
 - (f) Possibilities for action by other sterling area countries to expand dollar earnings.
 - (g) United States and Canadian measures to maintain a high level of business activity.
 - (h) United States and Canadian customs procedures.
 - (i) Action for the reduction of tariffs, preferences, and other trade barriers.
 - (j) Action in fields of shipping and aviation.
3. Measures which might be taken to increase flow of dollar investment to United Kingdom and rest of sterling area, especially undeveloped areas.
- (a) Private investment.
 - (b) Role of public lending agencies.
4. Possibilities and consequences of curtailing dollar imports and seeking alternative sources of supply in non-dollar areas.
- (a) Possibility of substituting non-dollar for dollar sources for Western European imports.
 - (I) Specific development projects planned or underway.
 - (II) Domestic agricultural programme.
 - (III) East-West trade.
 - (b) Levels of investment and consumption in United Kingdom in event no substantial increase in dollar earnings is achieved.
5. Exchange and trade controls during ERP and post ERP period.
- (a) Nature and duration of exchange and trade controls designed to limit dollar imports.
 - (b) Nature and duration of controls designed to expand trade within soft-currency areas.
 - (c) State trading practices.

(d) Procedure for progressive relaxation of controls in the light of the long-term objective of convertibility and multilateral trade.

6. Sterling area arrangements relative to United Kingdom dollar problem.

(a) Indirect dollar cost of United Kingdom surplus with rest of sterling area.

(I) Handling of sterling balances.

(II) Capital outflow to rest of sterling area.

(b) Direct dollar cost of rest of sterling area to United Kingdom.

(I) Under what conditions may rest of sterling area make net dollar contributions to United Kingdom.

7. Arrangements (including possibility of stockpiling sterling area products) with respect to individual commodities (rubber, tin, petroleum, etc.)

8. Any other measures which might contribute to reduction of disequilibrium between sterling and dollar areas.

9. Formulation of agenda for ministerial meeting. Ends.

576.

DEA/50011-40

Note du haut-commissariat au Royaume-Uni

Memorandum by High Commission of United Kingdom

TOP SECRET

Ottawa, August 12, 1949

1. The dollar difficulties of the United Kingdom show no signs of easing; the standstill on new dollar imports which was, regrettably, forced on the United Kingdom and the other members of the sterling area is at best a form of emergency action and cannot take full effect for several months. In the meantime, as the following figures show, the position continues to be one of increasing gravity.

	April	May	June	July
			£m.	
Gold and dollar deficit	37	56	63	57*
Decrease in gold and dollar holdings	11	31	23	37

*Provisional.

Thus, the United Kingdom gold and dollar holdings fell from £471 millions at the end of March to £369 millions at the end of July.

2. It was recognised in the meetings with Mr. Abbott and Mr. Snyder that the present difficulties could not be resolved by unilateral action by any one country alone, and that each of our three countries has a part to play in overcoming them. In the subsequent Commonwealth meetings recommendations were made to Governments outlining in broad terms the objectives at which debtor countries on the one hand, and creditor countries on the other, should aim. The United Kingdom Government for their part fully endorse these recommendations and are giving urgent consideration to the best means of implementing them. They are determined to play their full part in the solution of the present difficulties and they have no doubt that, in the same spirit, the Canadian Government will be considering, in preparation for

the forthcoming discussions, what measures can be taken in Canada to relieve the present strain.

3. Meanwhile, this preparatory work, in conjunction with the continuing dollar drain outlined in paragraph 1 above, has demonstrated that quite apart from the fundamental question of the level of trade which can in the long run be sustained between the dollar and the sterling areas, the ineligibility for E.R.P. finance of certain major United Kingdom purchases from Canada presents a major obstacle to the maintenance of current United Kingdom/Canadian trade at a reasonable level, and is of crucial importance to the whole complex of United Kingdom/Canada trade relations.

4. Last March, on the urgent advice of the Economic Co-operation Administration (E.C.A.), the United Kingdom withdrew its request for the further use of E.R.P. funds for Canadian wheat. Had this step not been taken we were advised that the United States Secretary for Agriculture would have formally declared wheat a surplus commodity ineligible for off-shore purchases under E.R.P. It was then hoped that it would be possible for the United Kingdom to re-arrange its purchasing programme so that E.R.P. dollars could be expended on other essential commodities, while wheat could be bought from the free dollars thus released.

5. Since April E.C.A. have also refused to finance the United Kingdom/Canadian cheese contract and as from October there is a strong probability that Canadian bacon will be ineligible. In addition E.C.A. have felt unable to finance existing contracts for pulp, paper, and timber, unless they have been thrown open to competition with U.S.A. producers. During the last quarter of this year there may also be difficulty in financing off-shore purchases of non-ferrous metals.

6. In all, this means that some \$500 millions may be ineligible for E.C.A. financing, of which Canadian purchases under existing commitments total \$395 millions, made up as follows:

	<i>\$m.</i>
Canadian wheat and flour	309
Canadian cheese	15
Canadian bacon	13
Canadian eggs	17
Canadian pulp and paper	10
Canadian timber	23
Canadian tobacco	<u>8</u>
Total	<u>395</u>

There is also expenditure of \$101 millions on non-Canadian items which are either ineligible or which cannot be documented under existing procedures, making a grand total of \$496 millions.

7. It is necessary to draw a distinction in these items between those on which a decision lies with E.C.A. and the agricultural commodities which are, or may be, declared surplus by the Secretary for Agriculture. The major item in the latter category is wheat. Here, if the Secretary for Agriculture declares wheat surplus, E.C.A. have *no option under existing legislation*: they must refuse it for E.C.A. financing.

Of the other items, cheese, bacon, eggs and tobacco (totalling \$53 millions) are in the same category.

8. As stated in paragraph 4 above it had been hoped that it would be possible to re-arrange the United Kingdom purchasing programme so that E.R.P. dollars could be expended on other essential commodities while wheat could be bought from the free dollars so released. This, however, is not possible.

9. On the basis of present estimates there should be at best 69 million free dollars available for purchases by the United Kingdom made up as follows:—

	<i>\$m.</i>
United Kingdom exports	+ 620
Net invisibles	- 197
Rest of Sterling area	- 188
Gold and dollar settlements	- 243
Capital transactions	+ 42
<hr/>	
Imports that can be paid for from earned dollars	34
Invisible expenditure eligible for E.C.A. finance (say)	<u>35</u>
Total	<u>69</u>

But, as stated above (paragraph 6), Canadian items on the programme amount to \$395 millions.

10. This position is, therefore, one of extreme gravity. Its gravity is increased by the fact that the United Kingdom cannot by any operation on its own import programme increase the number of free dollars available. All eligible items which can be documented are already financed from E.R.P.: even if we cut these to nothing there would be no more free dollars available. Relief can only come, therefore, by real savings on the items listed in paragraph 9 above. It is true that this figure of \$69 millions is a provisional estimate. The true figure may be higher, for the other Commonwealth countries may make bigger net dollar savings than we have assumed. But it may be worse, for the present rate of deficit is very much larger than the forecast used for this calculation. It would be wrong, therefore, to base any hopes of a solution of the problem on these grounds.

11. The general position has been put to E.C.A. who have not been able to hold out any hope that they could take action to change the legislative position which binds them on all agricultural commodities if they are declared surplus. Of these by far the major item is wheat. On this the only solution which they can see is that wheat crops in the U.S.A. might be such that the Secretary for Agriculture can say that it is not a surplus commodity. This is doubtful. But unless it happens the United Kingdom will have E.R.P. funds which it cannot spend on essential needs. In a word, the whole purpose of the Foreign Assistance Act is defeated. For, if this state of affairs continues, it is evident that the volume of purchases from Canada which would require to be financed from free dollars would far exceed the amount of these dollars available to the United Kingdom and we would only be able to pay for our imports from Canada by using dollars from the reserves.

12. Having regard to the necessity for preserving these reserves at (and indeed rebuilding them to) a reasonable working level, the United Kingdom Government consider that this further drain on them must not be allowed to occur. As stated above, representations to the E.C.A. authorities about the urgency and importance of this problem have already been made, but it is clear that it is one which will have to be raised at high levels in Washington. It is hoped that the Canadian Government, appreciating its gravity and its crucial effect on the United Kingdom's purchasing power in Canada, will feel able to assist the United Kingdom Government in whatever ways would seem to be most effective to secure a solution satisfactory to both Governments.

577.

DEA/50011-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2004

Ottawa, August 17, 1949

SECRET

Washington Tripartite Talks.

1. Yesterday we sent you a memorandum which Clutterbuck had left with the Prime Minister. Today, this memorandum was considered in a preliminary way at a Cabinet Committee meeting attended by senior officials.

2. It is accepted here that the purpose of the memorandum is to enlist our support at the Washington talks in an effort by the United Kingdom to reverse the constant narrowing of the uses of ECA funds. The United Kingdom are not, repeat not, pressing us to make further releases of the Canada-United Kingdom loan at this time.

3. The figures in the United Kingdom memorandum are open to considerable criticism. Paragraph 9 suggests that the United Kingdom only has \$69,000,000 available to make purchases in Canada against \$496,000,000 worth of Canadian commitments as outlined in paragraph 6. The figure of \$69,000,000 is only reached on the assumption that the United Kingdom makes all its necessary purchases elsewhere and meets all its commitments elsewhere, leaving the Canadian market as the residuary legatee of their difficulties. It can be pointed out that the United Kingdom is currently earning well over \$300,000,000 on exports to Canada, and on top of this, there is the use of the Canada-United Kingdom loan this year amounting to \$120,000,000.

4. At present, the feeling here seems to be in favour of giving the United Kingdom some support in obtaining broader uses for ECA funds. The position of wheat was under discussion today and it was noted that this commodity had not been formally declared surplus, that the International Wheat Agreement was now in effect, and that Congress would have passed the ECA appropriation and adjourned

before the Ministerial talks in Washington. However this view should not, repeat not, be passed on to the U.K at present.

578.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, August 17, 1949

...

TRIPARTITE ECONOMIC DISCUSSIONS IN WASHINGTON

25. *Mr. Plumptre* outlined the background of these discussions and the part the Canadian group might be playing in them. Official talks start on August 27; ministerial talks on September 6. Our delegation³³ consists of:

Ministers—Mr. Pearson and Mr. Abbott;

Officials—Norman A. Robertson

H.H. Wrong

M.W. Mackenzie

L. Rasminsky

J.J. Deutsch

A.F.W. Plumptre

In preparing for the discussions Ottawa officials are keeping in mind the fact that British difficulties are deep seated. They stem from the rise of the United States to industrial pre-eminence dating from the turn of the Century. The relative decline of Great Britain has, however, been clearly accelerated by two world wars which have disrupted her internal economic system and have resulted in loss or destruction of overseas assets—investments, colonial developments, shipping, etc.

26. It was clear, therefore, that Britain's troubles were not simply to be attributed to a Socialist Government. This Government has considerable economic achievements to its credit. Britain's production and total exports are now well ahead of pre-war levels; her record in this regard is better than almost any other European country.

27. On the other hand there appear to be certain items to be debited against the policy of the present government:

(i) Exports, while high, are not flowing in the right directions. More should be directed towards earning dollars.

(ii) Imports may be unduly high in the sense of being beyond the country's capacity to pay. These imports are in part a result of the "welfare state".

(iii) The economic system is perhaps unduly and unnecessarily rigid. Over-full employment, with everybody finding jobs easily, results in too little movement of

³³ Le Cabinet donna son aval à la composition de la délégation le 3 août 1949.
Cabinet approved the composition of the delegation on August 3, 1949.

labour in the directions that are economically desirable. Welfare measures are a contributing factor.

(iv) Britain's overseas trade and financial arrangements tend to intensify the rigidity. Heavy sales of goods to India and other soft currency countries, some of which are wartime creditors of the United Kingdom, keep British labour and materials from going into dollar exports.

It is clear that these four groups of measures lie close to the heart of the economic policies of the Labour Government; changes in them would involve fundamental political shifts.

28. Both in Ottawa and also in Washington there is, therefore, a feeling that "the next move is up to the British". In Ottawa, however, there seems to be a good deal more readiness at least to consider ways of helping the situation, for instance by maintaining high incomes and imports and also by adjusting tariffs. In Washington there are many people who seem to feel that they have "done their bit" by providing Marshall Plan aid and that it is their turn to sit back while other countries take action. This attitude is perhaps intensified amongst Administration officials because of the great difficulties they have had with the present Congress—including their difficulties in getting the E.C.A. Appropriation approved.

29. In London, in various quarters, there is evidence of a willingness, even a desire, to make important changes in economic policy. However, these changes involve the reversal of certain political policies. It is unfortunate that several of the senior British Ministers have been ill and absent during the past six weeks.

30. This fact, together with the acute difficulties that the United States Administration have had with Congress during the past three or four months, suggests that nothing of an epoch making nature is likely to come out of the Tripartite Talks. As it turns out, the timing of the meeting is perhaps premature. The United Kingdom may be forced to take certain actions on her own by the pressure of events rather than as a result of international collaboration. On the other hand it is very important that discussions of this sort should go forward even though the meetings are not always at the most opportune moments. The alternative would be for the United Kingdom and other Commonwealth countries to "go off in a corner" and try to work out a salvation by cutting themselves off to a considerable extent from all trade and intercourse with North America. This would damage standards of living both in sterling countries and also in North America—and particularly in Canada, which depends so heavily on three-cornered trade. It would also damage very severely the concept of North Atlantic military solidarity.

579.

DEA/50011-40

Note du chef, direction de l'économie
Memorandum by Head, Economic Division

SECRET

[Ottawa], August 22, 1949

THE TRIPARTITE CONFERENCE: WASHINGTON, AUGUST-SEPTEMBER, 1949
A BIRD'S-EYE PREVIEW³⁴

Causes and Cures

To begin with a good deal of time will be spent at the conference discussing the "causes" of the present crisis. The U.K. group will be at pains to show to Mr. Snyder and others that the Socialist Government is not to blame—at least not entirely. They will rightly point out that Britain's difficulties go back for half a century or more, reflecting world-wide changes in the industrial balance between continents and in the commercial balance between industrial products and raw materials. These changes, they will emphasize, have been hastened, and directed to the disadvantage of the United Kingdom and the advantage of the United States, by two world wars.

Much of the time spent in this exercise will be wasted. Everyone present, including Mr. Snyder, will have made up his mind in advance regarding causes. It is more profitable to concentrate on possible cures. Only if we can get a measure of agreement here can the conference serve a useful purpose.

There are two sorts of cure: one to be applied by the "creditor" countries—e.g. U.S.A., the other to be applied by "debtor" countries, e.g. U.K. Most of the cures are unpalatable, at any rate from a political standpoint; they involve changes which immediately hurt somebody. Naturally the debtors think the creditors should apply most of the cures and vice versa.

Canada is half-and-half—half creditor (vis-a-vis U.S.A.) and half debtor (vis-a-vis the U.K.). In this particular conference, however, Canada is regarded primarily as a creditor. That is because the conference arose out of the difficulties of U.K.—towards which we are creditors. But our debtor position—our own chronic shortage of U.S. dollars—is lurking in the background. We shall not talk about it, probably in Washington. But we shall not forget that our own problem will be greatly eased if the main debtor-creditor problem is eased. If Britain earns more dollars so will we.

Cures—on the Debtor Side

It is useful to list first the chief types of cure that can be initiated on the debtor side:—

³⁴ Note marginale:/Marginal note:

Note: This memo was prepared as a rough guide to the Minister (a) in regard to what was likely to happen at this Conference and also (b) in reading the large volume of papers now being prepared for the use of officials at the Conference. A.F.W. P[lumtre]

(a) Restriction of imports from dollar sources. This is undesirable but it is quick and therefore, in emergency, inevitable. It can be achieved (i) by direct government controls (quota restrictions) and (ii) by making dollar imports more expensive and thus less attractive. They can be made more expensive either by discriminatory tariffs (not allowed by GATT) or by exchange depreciation.

(b) Expansion of exports to dollar markets. This takes time. It also involves some cooperation from the creditors—a willingness to accept imports—although they are not always glad to admit it. Expansion of exports can also be achieved (i) by direct government controls (export quota arrangements) and (ii) by making it more attractive for individual exporters to sell in dollar markets instead of at home or in soft currency markets. Dollar exports can be made more attractive by exchange depreciation.

Much has been said about the importance of “cutting costs and prices” in the U.K.—both industrial costs and government costs. The chief purpose is to make exports more competitive. Yet general cost-cutting makes *all* exports more competitive. It gives no special encouragement to *dollar* exports. We can conclude that the influence of changes in the U.K. budget upon the U.K.’s balance of trade with dollar areas is very remote and very slow to take effect. A renunciation of the Welfare State today will not cure the dollar deficit tomorrow.

In some directions the exports of the U.K. are already far too large—larger than the country can afford. A very large volume of U.K. exports is going to “repay” the “advances” made by India and other countries during the war. The “sterling balances” built up by these countries, and now being spent on U.K. products, are an “Old Man of the Sea”; they drain off any excess economic energy the U.K. can build up. In addition, and less “excusable”, a large volume of U.K. exports are going to make new investments in some countries abroad, notably in South Africa.

Thus it came about that the U.K. had a deceptive “balance” in its external trade last year. Exports did indeed equal imports. But large quantities of exports went to India and South Africa and other countries where they earned nothing. Equally large quantities of imports had to be obtained for nothing, financed by E.R.P. and the Canadian credit.

What points should we be urging on the U.K. at the Conference? Most of them are not new:—

(a) To rely as much as possible on expanding dollar exports, rather than cutting dollar imports;

(b) To rely on normal business incentives (profits and losses) to a greater extent and on government controls to a lesser extent. A number of points are included here, including (i) depreciation of sterling against the U.S. dollar, and (ii) some relaxation of the government’s addiction to over-full employment. For instance, it is *impossible* to get a shift of exports away from India and towards U.S.A. and Canada if, at the slightest sign of unemployment, the government allows India to spend more “sterling balances” to take up the slack!

(c) To review more intensively than ever the types of product that can be sold for dollars, The “dollar export drive” has been useful, but it has largely been confined to the U.K. (where normal business incentives have been working hard

against it!); it should be extended to colonial and dominion areas. Steps in this direction are resulting from the July Conference of Commonwealth Finance Ministers.

(d) To stop bailing out other people's boats when its own is threatening to sink. The amount of U.K. exports going to South Africa, deliberately financed from London, is quite unjustifiable at present.

Before leaving the subject of possible action by U.K. a special word must be said about the exchange rate. It is by now almost certain that devaluation will be forced on the U.K. within a matter of months—if not weeks—perhaps tomorrow! Therefore the time for discussion of the desirability of devaluation is over. (Most Canadians agree that it *is* desirable.) When it comes, and if it goes far enough, it will immediately remove much of the immediate pressure on U.K. reserves; much of that pressure arises from the expectation in U.K. and elsewhere that sterling is going to depreciate.

But that is not the end of the matter. The benefits of devaluation may be frittered away over a matter of months. This will happen if the British Government tries to protect the British worker from all its effects by increasing food subsidies, by allowing wage increases, and so forth. Under these circumstances, the restrictive effects on imports will be eliminated and the improved competitive position in dollar markets will quickly disappear. Thus it is most important that the British Government should seize on the act of devaluation as the moment to make a general effort, on a broad front, to improve their dollar position.

Cures—on the Creditor Side

What policies should we be urging on the U.S.A.? Some are familiar, others are not:

(a) Nothing is more important, both in the immediate future and also over the long pull, than that the U.S.A. should maintain a high level of prosperity, incomes—and imports. We can afford to “point with pride” to our own performance during the past six months; our imports have kept up well while U.S. imports have tailed away. No doubt this is partly due to our economic wisdom in having an “expansive” budget this year—but there are a lot of other factors too, including the fact that the Canadian dollar is a semi-soft currency and we have been keeping out cheap American goods (e.g. textiles) which would otherwise have undercut our imports from U.K.

(b) Gradual abolition of U.S. protection—protection of industry and protection of agriculture. In the world today there is no economic justification for such protection. The U.S. should be headed for free trade. Unfortunately the issue is confused because, since 1935, reductions in the U.S. tariff have all been made by reciprocal trade treaties; even liberal-minded people in the U.S. believe that other people's tariffs must be abolished, step by step with their own. This is clearly impossible. Yet it is likely to delay U.S. progress towards lower tariffs. Britain would never have achieved free trade, a hundred years ago, by a process of bilateral—or multilateral—bargaining.

(c) While *gradual* abolition of U.S. protection is desirable, some *immediate* move in this direction would be specially helpful in Europe and the U.K. There is great scepticism overseas whether the U.S. will ever be a great importer—which a great creditor must be willing to be. The attitude of Congress is anything but encouraging, but every avenue must be explored.

(d) New credits—or something like them. Some sorts of credit are undesirable and out of the question—e.g. direct loans to U.K. or larger E.R.P. appropriations. But this does not exhaust the list. In the International Monetary Fund the U.S. has been adopting a very strict line—e.g. countries receiving E.R.P. are not allowed to get Fund advances. It is important to remember that the U.K. is not the only country involved: the “central gold reserves” in London supply the whole sterling area. Other members of that area may be eligible, or become eligible, for advances from the Fund and for loans from the Export-Import Bank or the International Bank. In many of these countries there is real developmental work to be done. This leads into the problem of

(e) The sterling balances. Can the U.S. take over part or all of the weight of the Old Man of the Sea? Could some deal be worked out? India needs wheat (temporarily) and machinery (for a long time to come). Would the U.S. like to advance some money and get some of this business? Would the Indians write off some of their “sterling credits” in order to get dollars and cheap American goods, instead of sterling and expensive British goods? Now that U.S.A. has admitted failure in aiding the anti-communists in China, might it not like to have a new try in a more promising Eastern country—India?

(f) An increased price of gold. Nobody, of course, mentions this except in smoke-filled rooms, and not even there if Mr. Snyder is present. It would however be a very satisfactory means of supplying the sterling area with a good many more U.S. dollars. It would also fix South Africa up; she wouldn't need loans from the U.K. or anyone else. (It would also help Canada).

What Part Might We Play?

Most of the things that we would like the U.S. and the U.K. to do are very difficult for them politically. The present is particularly awkward in both countries: Congress is imminent and ugly in the U.S.A.; the Labour Government stands at the cross-roads in Britain with an election in the offing. Hence we must not expect much from this Conference.

Nevertheless, we should consider what we *might* do if circumstances seem favourable. As indicated above; we are at present concerned only with actions arising from Canada's position as a creditor vis-a-vis U.K. and the sterling area. Other actions, arising from our dollar shortage, will have to be considered at another time.

(a) Maintenance of incomes and imports. We should be ready to practice as well as preach this doctrine. If the U.S.A. does not practice it with equal success we shall run into dollar difficulties: we shall go on buying goods in the U.S.A. at times when their purchases up there fall off.

(b) Abolition of protection—*except* against the U.S.A. We should be moving towards free entry of goods from soft-currency sources; unfortunately we cannot

afford free entry to U.S. goods. This will raise problems of "non-discrimination"; we shall have to do some re-thinking in this field. Meanwhile, perhaps we can give some leadership in the field of tariff reductions in directions where they will help most.

(c) Sterling balances. Could we take up some of these obligations if the U.S. were doing so? We, too, would be happy to sell wheat and machinery in India.

The three preceding paragraphs have outlined some of the things Canada *might* do. Whether or not we should take the lead in putting them forward at the Conference is another matter.

Our group will have to play by ear to a large extent. It may seem desirable to try to give a strong lead; on the other hand the inertia of the conference may prove too great in which case we shall be wise to save our ammunition for another engagement. And the inertia is likely to be great. The U.K. group are 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. The U.S. group, with Congress still hanging over them, are likely to feel that they have done their bit by providing E.R.P. and that all the main initiative at present must come from the U.K.

One thing is sure. Both the U.S. and the U.K. are largely preoccupied with their own troubles. They are a long way apart in their points of view. Seldom have Canadians had a better opportunity to play their "traditional role" of interpreting the one to the other.

A.F.W. P[LUMPTRE]

580.

CH/Vol. 2085

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire pour le Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner of United Kingdom*

TOP SECRET

Ottawa, August 24th, 1949

Dear Sir Alexander,

I am replying on the Prime Minister's behalf to the memorandum which you left with him last week regarding the current financial difficulties which are shortly to be discussed between the three Governments at Washington.

We are glad to have in advance of the Washington meeting the information given in the memorandum. We appreciate to the full the seriousness of the present rate of drain on the U.K.'s gold and dollar reserves. The overall problem is one of great complexity, and certain features of it have, as you know, been causing us anxiety for some time. We hope that the forthcoming discussions, approached from all sides in a constructive spirit, will prepare the way for action to revive trade and renew confidence. Please assure your Government that just as we share their anxieties, so we share also their determination to play a constructive part in the search for a solution.

Attention is drawn in your memorandum to the immediate difficulties caused by recent rulings on the part of E.C.A. which have had the effect of rendering a number of the U.K.'s commitments in Canada ineligible for E.C.A. financing. We are not sure that we follow all the figures used in the memorandum, since we naturally do not possess here the material to enable us to form a complete picture of the currently estimated overall balance of payments position between the sterling area and the dollar area.

The calculation given in paragraph 9 of the United Kingdom memorandum suggests that there would be a total of only 69 million free dollars available for imports from the dollar area, but this calculation seems to assume that United Kingdom earnings from the dollar area would first be applied in settlement of the United Kingdom's deficits with third countries. A purpose of the Canadian Loan to the United Kingdom and, indeed, of the whole Canadian effort to stimulate United Kingdom exports to Canada is to increase the United Kingdom's ability to buy Canadian products. But so far as the balance of payments between Canada and the sterling area is concerned, which is naturally the way in which we must approach the matter—our own estimates suggest that, after allowing for continued drawings on the Canadian credit, the gap which will require to be bridged will, even on present E.C.A. rulings, be very substantially less than the figure of \$395 million quoted in your memorandum.

The precise extent of the gap will of course be a matter for discussion between our two Delegations in Washington, and the detailed calculations involved can no doubt be cleared up when they meet. But the point I would make here is that Canada's locus standi in urging upon the U.S. authorities an increase in off-shore purchases must necessarily depend on the extent to which it can be shown that the E.R.P. aid allotted to the U.K. could not otherwise be fully expended on the U.K.'s essential needs. Should additional E.C.A. financing of Canadian purchases over and above the amount considered eligible prove to be a more desirable pattern of allocating the total dollar funds available, we would, of course, be prepared to give any assistance we possibly could with the U.S. authorities.

I am arranging to give you a note explaining your calculations in greater detail.

Yours sincerely,

L.B. PEARSON

581.

DEA/50011-40

Note du directeur, direction des relations économiques, ministre des Finances
Memorandum by Director, Economic Relations Division, Department of Finance

[Ottawa, August 24, 1949]

SOME NOTES ON U.K. MEMORANDUM RESPECTING E.C.A. PURCHASE IN CANADA.³⁵

The summary balance of payments figures and statement of U.K. dollar deficit shown in the memorandum are taken from the revised U.K. programme of dollar payments submitted to the OEEC on July 22nd, 1949. In this revised programme the U.K. overall dollar deficit is calculated as follows:

	1948-49 actual \$mm	1949-50 revised estimate \$mm
U.K. imports	-1,577	-1,552
Exports & re-exports	732	620
Net invisibles	<u>-196</u>	<u>-197</u>
Total U.K. deficit with \$ area	-1,041	-1,129
Rest of Sterling area deficit with \$ area	<u>-80</u>	<u>-188</u>
	-1,121	-1,317
Gold and dollar payments to other countries	<u>-302</u>	<u>-243</u>
	-1,423	-1,560
Capital transactions ¹	-70	+ 42
Net overall \$ deficit	<u>-1,493</u>	<u>-1,518</u>
Requested ECA allocation		-1,518

¹Includes drawings on Canadian loan

The total of commodity imports from the U.S. and Canada of \$1,552 in the revised programme is unchanged from earlier submissions and does *not* take account of the cuts already announced following the Commonwealth financial conference. The only change made is to convert values to July 15th prices. Similarly the deficit shown for the "rest of the sterling area" does *not* take account of the cuts in \$ imports recommended at the Commonwealth conference although it is somewhat lower than the current rate of the deficit. The amount shown for capital transactions (\$42) in 1949-50 includes the Canadian loan \$120mm but does not include any drawings by India on the International Monetary Fund for which a figure of \$100mm has been suggested earlier. Consequently, the overall deficit of \$1,518mm would be reduced by the amount of the cuts in the import programme actually realised, assuming all other elements remain as forecast.

The list of commodity purchases by the U.K. in the \$ area in the revised programme totals \$1,552mm. It would appear to be obvious that the U.K. cannot

³⁵ Note marginale/Marginal note:

This is the statistical memo referred to in Mr. Pearson's letter to Clutterbuck of August 24th in which he replies in general terms to the U.K. memo re E.C.A. and wheat. This memo had in fact been handed to Clutterbuck previously by Deutsch and had been transmitted to London. [A.F.W. Plumtre]

obtain an ECA allocation sufficiently large to wholly cover this amount. In the submission to OEEC it is stated that the U.K. purchasing departments are temporarily proceeding on the "hypothetical assumption of a dollar import programme of \$1,200mm." It would appear more likely that the ECA allocation to the U.K. will be in the neighbourhood of \$850-\$920mm. The import cuts proposed by the Chancellor were based on an assumed ECA allocation of \$850mm.

The differing assumptions regarding the size of the ECA allocation result in an ambiguity in the U.K. Memorandum. Clearly, the problem raised in the Memorandum concerning the difficulty of finding a sufficient number of items eligible for ECA financing is much more troublesome if an ECA allocation of \$1,518mm is assumed, than if one of \$850mm is assumed. Indeed, on the latter more realistic assumption, there may not be any difficulty at all over this particular matter, although it leaves unanswered the major question of how the U.K. overall deficit is to be financed. This question, of course, cannot be dealt with by the shifting of Canadian items between free dollars and ECA financing once the total ECA allocation is fixed. The amount of additional Canadian items that need to be placed on ECA financing, from among the items declared or soon to be declared ineligible, would appear to be quite small on an assumed total ECA allocation of \$850mm. Certainly it would not be anything as large as the \$395mm suggested in the U.K. Memorandum. The confusion arises from the fact that the dollar deficit figures upon which the argument is based are derived from a dollar import programme of \$1,552mm and a request for an ECA allocation of \$1,518mm.

Financing of the U.K. deficit with Canada

The Canadian forecast of the Sterling Area balance of payments with Canada made in June, prior to the Commonwealth Conference is as follows:

	Calendar Year 1949	Year ending June 1950
	\$mm	\$mm
Exports	690	661
Imports	<u>-331</u>	<u>-334</u>
Merchandise surplus	359	327
Net invisibles	<u>46</u>	<u>44</u>
Current Surplus with U.K.	405	371
Current Surplus with rest of Sterling Area	<u>118</u>	<u>79</u>
Current Surplus with Sterling Area	523	450
Canadian loan	<u>120</u>	<u>120</u>
Remainder of Surplus to be financed by ECA off shore purchases and/or dollars provided by U.K.	<u>403</u>	<u>330</u>

We have not available the U.K. forecast of the Sterling Area balance of payments with Canada which was included in the revised (July) programme submitted to the OEEC. However, the U.K. High Commissioner stated in explaining the U.K. Memorandum that the programme of purchases from Canada included in the submission to OEEC was unchanged from the earlier submissions and did not take

account of the recently announced cuts. On that basis the programme of commodity purchases from Canada assumed in the figures of dollar outgo in the U.K. Memorandum for 1949-50 is \$690mm. However, if we take the Canadian forecast of \$661mm which is likely to be closer to the actual outturn; the amount of ECA offshore purchases required to cover the whole of the estimated U.K. dollar drain to Canada would be \$330mm, as shown above. If we deduct \$395mm stated in the U.K. Memorandum as being ineligible from \$661mm of total purchases there is left \$266mm which presumably would be eligible for ECA offshore purchases. If we deduct this amount from the \$330mm required to cover the dollar drain to Canada there is left \$64mm. Consequently the additional amount of ECA offshore purchases (over the amount of what the U.K. itself anticipates will take place) required to cover the whole dollar drain to Canada, is \$64mm. If this amount cannot be provided by additional offshore purchases in Canada the U.K. would either have to cover it from reserves or from free dollars made available through ECA financed purchases in the U.S. With a likely ECA allocation of only \$850mm it is difficult to conceive that not enough eligible items in the U.K. import programme can be found in the United States to a total of \$584mm after \$266mm has been provided for eligible items from Canada. If \$584mm of eligible items can be found in the United States then there is no need to look for additional offshore purchases in Canada beyond what the U.K. itself anticipates will take place.

U.K. Memorandum states that there are only \$69mm of free dollars available to pay for \$395mm of imports from Canada which are expected to be ineligible for ECA financing. This can be so only if the proceeds from U.K. earnings in Canada are taken to make dollar payments to third countries and/or to meet the deficit of the Rest of the Sterling Area with the U.S. Of course, if dollar earnings in Canada are used for those purposes they are not available to pay for Canadian exports. In effect the U.K. Memorandum proposes that the Canadian exports which are left unprovided for in this way, should be financed by ECA through offshore purchases. It would not appear to be in our interest for us to try to persuade the U.S. to make politically difficult offshore purchases in Canada so that the U.K. can in effect take its earnings of dollars in Canada to make dollar payments to third countries (Iran, Switzerland, etc.) or to meet the Rest of Sterling Area (India, Australia, etc.) deficit with the U.S.

[However, if the U.K. is really having difficulty in finding enough items eligible for ECA financing in both Canada and the U.S. of the kind and amount of commodities which the U.K. wishes to have—sufficient to make up the whole of the likely allocation of the order of \$850mm,—then certainly Canada should do what it can to assist. In the light of the amounts that are likely to be involved in this problem it is hard to see how it can be something of major importance, justifying a serious threat to the carrying out of U.K. purchase commitments in Canada. As pointed out above, the question of how the entire U.K. \$ deficit is to be covered,

and what has to give way, given a limited ECA allocation, is of course, another matter.]³⁶

[J.J. DEUTSCH]

582.

DEA/50011-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], August 24, 1949

TRIPARTITE ECONOMIC TALKS IN WASHINGTON
GENERAL INSTRUCTIONS TO OFFICIAL DELEGATION

I believe it would be of great help to our officials, who are leaving for Washington at the end of this week for preparatory talks with U.S. and U.K. officials, if they could be given some general instructions from the Canadian Government. My feeling was reinforced at yesterday's discussion in the Interdepartmental Committee on External Trade Policy.

These instructions might run as follows:

The Canadian Government regards very gravely the present deterioration in the international economic and financial situation, as reflected in the serious and continued decline in the dollar reserves of the United Kingdom. If the problems involved are not solved in a co-operative way, leading to greater trade between the dollar and sterling areas, individual countries will be forced into restrictive measures which will do serious economic damage to Canada, and which will raise political problems not only for this country but for the North Atlantic Area and the rest of the free world. This situation will be the subject of preparatory talks by officials of the United States, the United Kingdom, and Canada beginning this week in Washington; and leading towards discussions between Ministers early in September. In these talks, Canadian officials should not make any commitments on behalf of the Government of Canada; nevertheless they should explore all avenues which seem to them likely to lead towards a revival of trade and a renewal of confidence.

A.D.P. H[EENEY]

[Postscript:]

The essence of the thing is that our officials should not feel "egg bound"—that they are to sit silent to wait for the U.K. & U.S. on all occasions for fear they may be taken to involve the gov[ernmen]t. They should feel it their right & their duty to examine & put forward any proposals which commend themselves to their judgment as being likely to help in averting catastrophe.

³⁶ Note marginale: Marginal note:

In the memo handed to Clutterbuck this paragraph was left off. [A.F.W. Plumptre]

I do hope you & the P.M. will be able to meet the delegation before they go.
A. H[EENEY]

583.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, August 24, 1949

...

WASHINGTON FINANCIAL DISCUSSIONS

7. *The Secretary* reported that the Canadian delegation would leave on August 25th for the official discussions in Washington, to open on August 27th. The Ministerial meetings would begin September 7th. It was not entirely clear on what basis the official discussions would be conducted and it was impossible at this stage even to put forward hypothetical questions of policy that might come up. It seemed probable that the meetings would be mainly concerned with going through the agenda as ground work for the ministerial discussions.

8. *The Minister* of National Revenue enquired as to the possibility that consideration might be given to tariff changes which would be of assistance to the United Kingdom. Canadian duties averaged only 3 to 9% on U.K. products and it might be desirable to consider the possibility of removing them entirely. This would raise questions as to "most-favoured-nation" obligations to other countries. Any removal would have to be regarded as short-term. Other possibilities were the waiver of dumping duties as applied to U.K. products but without extending such waiver, as was now necessary, to the same products from other sources. A third possibility was the acceptance of U.K. invoice prices as value for duty.

9. *The Prime Minister* suggested that there was both a political and an economic aspect to be kept in mind in the discussions. In the long term Canada had a vital interest in seeing that the United Kingdom achieved a balanced trading position and was able to take a substantial amount of Canadian production. Consideration of balanced trade in the future would involve an examination not only of tariff obstacles but also of costs of production and exchange rates. In general, our position was that we wished to see as complete a removal of trade barriers as possible and that we were prepared to go as far as the United States in that direction. It would be necessary to contemplate easier access of U.K. products into Canada and the United States in future. It would be desirable at the meetings to explore all possible avenues that offered hope of contributing to a solution of the U.K. problems.

10. *The Cabinet*, after considerable discussion, noted the report of the Secretary and the comments of the Prime Minister and the Minister of National Revenue concerning the forth-coming discussions in Washington.

584.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2301

Washington, August 29, 1949

SECRET

Tripartite economic discussions. Daily report No. 1.

1. The tripartite economic discussions opened Saturday morning under the Chairmanship of James E. Webb, Under Secretary of State. Thorp, Martin, Bissell and some twenty-four United States officials were present. Sir Henry Wilson-Smith headed the United Kingdom group of fifteen officials. After the introductory remarks had been exchanged and the preliminary procedural arrangements agreed upon, the meeting was turned over to Wilson-Smith, who reviewed the course of events in the sterling area from 1947 to 1949. In commencing his remarks, Wilson-Smith noted that, from the United Kingdom point of view, a much greater degree of urgency attached to the present discussions than the earlier ones, which had been held in Washington and London. A breakdown in broad outline was given of the developments which showed the serious decline in sterling area reserves during the second quarter of 1949. A technical sub-committee to examine the sterling area balance of payments figures has been established. This committee, on which Deutsch is our representative, will meet on Sunday.

2. Wilson-Smith concluded his remarks on the deterioration which had taken place in the second quarter of 1949 by noting that the continuation of dollar deficit of \$600,000,000 a quarter constituted an "obviously impossible state of affairs, in spite of the E.R.P. and Canadian credit".

3. In turning to deal with the current quarter, Wilson-Smith asked his 36-odd non-United Kingdom listeners to regard the information which he was about to give them as very confidential. His estimate was that the dollar deficit in the current quarter would probably not be substantially below that of the second quarter. On present estimates, there would be some decrease. Nevertheless, his guess was that the sterling area deficit would be approximately \$600,000,000 in this quarter. The United Kingdom's dollar deficit would probably show a slight decrease, with the rest of the sterling area and the D[e]partment O[f] T[reasury]'s deficits remaining broadly the same. The independent sterling area would probably produce a slight plus in the third quarter in comparison to the £30,000,000 sterling loss to South Africa in the previous quarter. The position with respect to Belgium and Switzerland will not be clear until the details of the intra-European Payments Scheme are cleared up. Although the reserve figure as of September 30th cannot be forecast at the present time, it is clear that there will be another further substantial drop from the June 30th figure of \$1,652,000,000 of dollars.

4. [Stephen L.] Holmes, Board of Trade, gave recent trade figures. The United Kingdom July exports to the United States were \$15,000,000, still well below the first quarter of 1949 average of \$21,000,000. July exports to Canada at \$26,000,000 are equal to the first quarter monthly average.

5. Wilson-Smith devoted most of the two-hour afternoon meeting to a discussion of a United Kingdom paper on the "balance of payments of the sterling area, before and after the war". (Copies of this paper, which has 7 pages of text and 16 tables, will be forwarded by bag.)† In the short period which was given to questions, Thorp asked about the "institutional operation" of the sterling area and how its post-war operations differed from those of pre-war. The significant changes in the "institutional" arrangements were described as:

(1) The exchange control system which operates as a fence around the sterling area;

(2) The post-war situation had required certain identity of policies amongst the members of the sterling area. As a result, there were many policy discussions between Governments and officials on matters relating to the dollar problem. The attempt was to follow broad policies which were agreed upon by sovereign Governments.

6. Bissell introduced a lively topic when he asked if the United Kingdom had any estimate of the effect which speculation about sterling has had on the balance of payments. The United Kingdom replied that they had not been able to make any quantitative estimate of this point, except with respect to the drawing down of sterling balances held in American account. The full effect of this item had, however, been felt in the previous quarter. The best examination which the United Kingdom had been able to make has revealed no unusual disparity in payments lagging behind physical trade. Wilson-Smith acknowledged that the United Kingdom officials tend to minimize the extent of the drain caused by speculative effect, whereas others think it is significantly large. In any event, the United Kingdom doubt if figures on this point could be "quantified". Similarly, when Bissell raised the question of cheap sterling, he was told that the best evidence that the United Kingdom could turn up showed that the drain caused by cheap sterling was less in the second quarter than it had been in the first. Although it is always possible to find loopholes, the United Kingdom expressed confidence that these could and would be closed. Bolton, Bank of England, was emphatic that they have been able to produce no evidence at all that either cheap sterling or the "lags and leads of payments", had any effect on the sterling area's dollar income. The most damaging evidence which they had found was that actual purchases and sales of certain commodities had stopped entirely, owing to the fears caused by speculation about sterling.

7. Therefore, on two points which many United States officials regard as important elements in the increased drain on sterling reserves, the United Kingdom offered no ammunition whatever.

8. *Press arrangements.*

It was agreed by all sides that there should be no statements made to the press, except whatever joint statements might be decided upon toward the end of the official meeting. It was considered most unlikely that there would be many such state-

ments. A brief release was given to the press stating that the official meetings were designed to prepare material for the Ministerial meetings and that there would, therefore, be no statements issued to the press on the progress of the official meetings.

9. *Documents.*

Eight copies of all documents will be forwarded to Ottawa by bag, for distribution to the Privy Council Office, Finance, Trade and Commerce, Bank of Canada, External Affairs and the High Commissioner's Office in London. A particularly interesting paper on the "general survey of multilateral trade and payments"† has been prepared by the United Kingdom delegation. Although Wilson-Smith described this as an unofficial paper, hastily prepared on the Queen Mary, it is a most thoughtful one, which merits a wide circulation in Ottawa. This paper, which will be forwarded by bag, will form the basis of Monday morning's discussions.

585.

C.D.H./Vol. 4

*Le sous-ministre du Commerce et de l'Industrie
au ministre du Commerce et de l'Industrie*

*Deputy Minister of Trade and Commerce
to Minister of Trade and Commerce*

Washington, August 29, 1949

Dear Mr. Howe,

I think you might be interested in a few personal observations despite the fact that the Conference has not got down to business as yet.

In the first place, Harry Wilson-Smith is here without much support on the United Kingdom side, and actually without benefit of any instructions from his Government. He literally did not see Cripps before he left London and is, I think, finding it rather embarrassing stalling for time until he gets word from the British Cabinet. Cripps, I gather, is not so well. At least, when he returned to London he immediately went off to his country place, and was not prepared to meet the Cabinet.

The American team consists of Martin of the Treasury, Bissell and Thorp, with Webb, the Under-Secretary of State in the chair. One of the great disadvantages to progress is the size of the meetings. The Americans find it difficult to meet in a small group, and yet Wilson-Smith is not prepared to open up in a meeting of 45 or 50. However, tonight Webb is having a small dinner, which will be attended from our side by Robertson, Towers and Wrong, and some progress may be made then.

From preliminary conversations with the Americans, it does seem to me that there is no chance whatsoever of spectacular action by the United States, at least until the next session of Congress, starting in January. It may be that something can be done this year through existing machinery, i.e., the International Bank, the Export Import Bank, etc., but this will be unlikely to affect our immediate situation. Needless to say, there has been no indication at all from the British, as yet, regard-

ing their import programme for the coming year. We may get it in a few weeks, but probably not until towards the end of the meetings here. Under these circumstances, there are very serious problems for some of our exporters, such as the West Coast lumber people, pulp manufacturers and others. The best they can hope for is a possible opportunity to bid against American suppliers on ECA orders, but there seems to be little or no chance of the United Kingdom giving them the sort of firm contracts that they need in order to plan their winter's operations. I am thinking at the moment particularly of the Gulf Pulp and Paper Company, whose story was told to me the other day by Renault St. Laurent and R.H. Kennedy of Quebec. Their entire output has, in the past, been sold to the British. Their woods operations and manufacturing take place during the winter, and deliveries of their product—mechanical groundwood pulp—are made in the spring and summer. Consequently, they have to invest \$1,000,000 to \$1,500,000 during the winter, which naturally poses a problem for them in the absence of a firm contract—and yet the whole community of Clark City and some of the neighbouring communities are dependent for a livelihood on the operations of the mill. I think it would be well if some of our people started to have a look at situations like this, to see what action the Canadian Government would have to take if, indeed, no order from the British is forthcoming.

There may be a little more to report later on in the week. So far, there has been practically nothing in the form of meetings, except the presentation of a couple of papers by the British, which have no doubt been sent on to Ottawa.

Yours sincerely,

MAX [MACKENZIE]

586.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2324

Washington, August 30, 1949

SECRET

Tripartite economic discussions. Daily report No. 2.

1. Two meetings were held yesterday (Monday), one at 11 a.m. lasting for two hours and a second at 3 p.m. for a period of an hour and a half.

2. Both occasions heightened the impression gained on Saturday that it would become increasingly difficult for the United Kingdom representatives to present their views on matters of intimate Government policy. The greater part of the day's discussion was devoted to considering some points raised in the United Kingdom's paper entitled "General Survey of Multilateral Trade and Payments", mentioned in paragraph 9 of daily report No. 1, and to Item No. 2 of the agenda proper. In both cases the obvious difficulty of getting to grips with the essence of the problem in

the hearing of some 25 or 30 American officials was apparent, and only the more general and background phases were introduced by United Kingdom spokesmen.

3. On the whole, the day was most frustrating because organizational and procedural problems had not been solved. These were discussed at a small dinner party given last night by Mr. Webb and attended, on our side, by Robertson, Wrong, Towers and Deutsch. The United States have agreed to split the meeting up. Specialized and perhaps rather technical subjects will be assigned to sub-committees. These will serve a useful purpose in themselves and will also divert the attention of some of the United States hordes who have attended the meetings up to now. A special central group will devote itself to central questions of high political delicacy. The agenda for ministerial discussion would, of course, emerge from this group. The United States delegation is having a meeting this morning (Tuesday) to consider the new procedure, and a meeting of the central group will follow it. On the central group we expect to be represented regularly by Robertson and Towers, with other members of the delegation attending whenever it is appropriate.

4. The morning meeting opened with a report by Deutsch on behalf of the Statistical Sub-Committee that had been active over the week-end in an effort to shed light on certain features of the sterling area balance of payments, not currently too well illuminated. The Statistical Sub-Committee's preliminary report, dated August 29th will be forwarded by diplomatic bag. It indicates the need for additional information concerning each component of the sterling area, and the relationship of Belgium and Switzerland to the United Kingdom and the rest of the sterling area, as well as United Kingdom Government expenditures overseas during post-war years. Some reluctance towards tabling some of this information, if available, was expressed by Wilson-Smith on the grounds that it would put the United Kingdom in the position of providing information concerning other sovereign states, and more often than not prepared by the United Kingdom without consultation.

5. The attention of the meeting was then directed to Item 1 on the agenda and the paper presented earlier by the United Kingdom entitled "General Survey of Multilateral Trade and Payments". Wilson-Smith referred to paragraph 26 of this document entitled "Conditions of Progress—the recreation of a pattern for multilateral trade and payments" as being the nub of the subject matter covered by Item 1 of the agenda, and pointed to the need for obtaining equilibrium between the dollar and non-dollar areas. The general feeling of the meeting was that the paper was well balanced and served as a useful introduction.

6. The discussion was desultory. The most interesting contribution came from Bissell. He emphasized the need for permitting the price system to act as an equilibrating and pervasive mechanism to accomplish the rationing of dollars through self-equilibrium rather than through restrictive trade and monetary control.

7. Robertson suggested that, in the field of import regulation, consideration might be given to the use of fiscal measures (tariffs and taxes). These had been outlawed by GATT and ITO. Nevertheless, they might prove a useful "halfway house" between, on the one hand, "quantitative restrictions" which are permitted by GATT and ITO under certain circumstances and, on the other hand, complete non-discrimination. Fiscal measures had the great advantage of allowing the price system to

work, although cushioning its effects. Robertson's suggestion appeared to gain tacit approval from leaders of the United States side such as Thorp and Bissell, but it seemed to give Stephen Holmes quite a fright.

8. The afternoon meeting turned to a consideration of Item 2(A) of the agenda concerning internal measures taken by the United Kingdom to improve its competitive position as an offset to declining extraordinary assistance. Hall of the United Kingdom Cabinet Office led the discussion which was even less satisfactory than in the morning. He discussed the United Kingdom Labour Government policy of full employment. He attempted to play down the effects of a full employment policy with respect to external dollar equilibrium and to portray the Government role in controlling the flow of capital goods between domestic investment and foreign export as being an unimportant one.

9. Holmes supplemented this by a discussion of United Kingdom prices as an element in dollar sales. He pointed out that not all United Kingdom goods were underpriced by dollar competition. Price comparisons made by the United Kingdom had not established marked differentials unfavourable to the United Kingdom. Quality differences made comparisons difficult. He then cited the agencies active in the United Kingdom seeking increased dollar exports through gains in productivity, and through research and standardization. He mentioned the hoped-for gains resulting from new equipment installations, a process interrupted by war, and other features such as improvement in skills and planned deployment of labour.

10. Deutsch questioned whether the interpretation presented by Holmes was justified in view of the Canadian experience where, although the absorption of United Kingdom exports had increased during the last 2½ years, it was still well below the pre-war relationship to total imports, and even lower in relationship to national income. There will be further consideration of these matters, possibly in a sub-committee.

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*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2346

Washington, August 31, 1949

SECRET

Tripartite economic discussions. Daily report No. 3.

1. On Tuesday some progress was made in dividing up the work of the conference, although little progress was made in getting on with the real work of the conference.

2. The Central Group.

The Central Group managed to compress its numbers to twelve (United States five (Webb, Thorp, Nitzé, Martin and Bissell), United Kingdom five, Canada two).

The agenda was gone through rapidly, some items being put off from it entirely. It was agreed that the Article 9 question was now essentially a political one and should be deferred until the Ministerial conference. Wednesday the Central Group will take up the relationship of the United Kingdom to the rest of the sterling area (Item 6). The nature and forthrightness of Wilson-Smith's contribution at this meeting should give indication whether the conference of officials will be able to make any real progress in preparation for the Ministerial discussions. The United Kingdom officials have so far held back from coming to grips with the central issues. It may be that when the results of the Cabinet discussions in London are available to them the United Kingdom officials will be able to use the remaining days of this week to good purpose. To date they have given the impression of talking to a rather tired brief. One United Kingdom official acknowledged that they feel "completely ineffective". It is the uncertainty as to the United Kingdom Cabinet policy and not any attitude of the Americans which has created this feeling. The tone of the discussion and the United States party line have been well maintained at the senior levels.

3. *Sub-Committee on "Competitive Position of British Goods in Dollar Markets"*. (Canadian representatives, Mackenzie, Rasminsky and Plumptre).

The United States (E.C.A.) tabled a lengthy document containing an analysis of United Kingdom exports to the United States a copy of which has been made available to us some weeks ago. This document, which attributed whatever success the United Kingdom had in 1948 largely to the sales of scrap brass and automobiles, contained little material on competitive prices. We have, therefore, decided to put in some factual material on comparative prices based on the memorandum in the "Black Book."

The sub-committee then had a most unproductive and unhelpful dissertation on United Kingdom productivity by an expert from the United States Department of Labor, (Mr. Silberman, Chief of Productivity and Technological Development Branch, Bureau of Labor Statistics), who could only with difficulty be stopped from working his way painfully through a huge document which he seemed intent upon inflicting on the meeting. This expert's conclusion is that the United Kingdom is two generations behind the United States in industrial technique. To help overcome this technique gap, he said that the United States was prepared to send teams of experts to the United Kingdom in almost every field, including ship building.

(This sub-committee is considering items 2(A) (II, (C), (E) of the agenda.)

4. *Sub-Committee on Customs Procedure*. (Deutsch and Keith). Meets Wednesday morning.

5. *Timetable*.

The United Kingdom Ministers are expected to arrive Tuesday night (September 6th). The Ministerial talks are therefore now scheduled to begin Wednesday afternoon, continuing through Saturday. The United States side said that, if necessary, they might be able to squeeze in a Monday morning meeting (September 12th). Snyder, however has definitely excluded the possibility of having any tripartite talks take place while the Fund and Bank meetings are in progress. His reasons for

this—number of Finance Ministers in Washington whom he will have to see, and undesirability of tripartite talks being carried on behind the backs of the other countries—appear quite correct to us.

If, as is the present aim, the official talks are wound up by Friday night (September 2nd), our officials may wish to return to Ottawa by air Saturday morning, returning to Washington with the Ministers on Tuesday.

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*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2364

Washington, September 1, 1949

SECRET

TRIPARTITE ECONOMIC DISCUSSIONS—DAILY REPORT NO. 4.

1. On Wednesday the work of the Conference proceeded somewhat unevenly, with some progress made by the sub-committees while the main group continued their discussion of more important aspects of the agenda.

2. *The Central Group. Items 6 and 7 of the Agenda.* (Canadian representatives: Robertson, Towers and Rasminsky on Item 6 and Robertson, Mackenzie and Deutsch for Item 7).

The Central Group in considering Item 6 of the agenda covering "sterling arrangements relative to the United Kingdom dollar problem", discussed the downward movement of sterling balances held by India and Pakistan. The United Kingdom volunteered that the rate of release for these balances was heavily influenced by political as well as economic considerations.

When the United Kingdom pointed to the material deterioration of the overall balance of payments position for India, the United States side produced a guess that this deficit might reach \$900 million dollars on the basis of the present annual rate and this was not contradicted by the United Kingdom.

We pointed out that the drain on the United Kingdom occasioned by reducing sterling balances plus the other difficulties of their own position made it unlikely that the United States objective of viability by 1952 could be achieved and that if the United Kingdom gap proved to be so great that "savage" internal measures were required to correct it then the only alternative open might be to permit exchange rates to move freely to achieve equilibrium by that means with the dollar area. Robertson emphasized the strategic and political importance of India to this continent.

Item 7 of the agenda, covering arrangements (including stockpiling) for individual commodities resulted in a discussion chiefly about rubber and tin.

The United Kingdom pressed for more elasticity in the use of natural rubber and while receptive to this thought, the United States side advanced strategic considera-

tions underlying the required use of synthetic. To a similar plea for an increase in the rate of stockpiling rubber, the United States replied that the stockpiling programme should be based on closely related considerations rather than balance of payments aspects, which in turn might lead to domestic pressures that could combine to hazard an essential security programme.

On tin, the United Kingdom side hopes for United States assurance of a healthy purchasing programme and the possibility of a multilateral agreement between exporting and importing countries. The subject of tin is being pursued at the agency level (RFC).

The United Kingdom representatives intimated that even the small favour of stepped-up stockpiling of tin by Canada would be greatly received.

Today the central group will carry on with a discussion of items 2(g) and (i) of the agenda, concerned with the maintenance of a high level of business activity by creditor countries, and action with respect to trade barriers, respectively.

3. *Sub-Committee on "Competitive Position of British Goods in Dollar Markets". Item 2 (a) (II) and 2 (C) and (E) of the Agenda.* (Canadian representatives: MacKenzie and Plumtre.)

This is known as the "Productivity" Group, and their discussion was concerned principally with price considerations. As specific information was in short supply, we put forward a paper condensed from "Black Book" material, omitting the conclusions, which were given privately to United Kingdom representatives.

The United States side brought up the impact of cartels, trade associations, patents, etc., as considerations which tended to strait-jacket trade patterns when there was an obvious need for the development of new trade channels by the United Kingdom.

Today's meeting will discuss the problem of incentives for United Kingdom exports to the dollar area.

4. *Sub-Committee on Customs Procedure. Item 2 (H) of the Agenda.* (Canadian representatives: Deutsch and Keith).

An encouraging note was struck by the Bureau of Customs representative in reviewing the action being taken to streamline customs procedure and provide quicker and firmer classification action. The expressed intent of aiding imports through administrative reform and legal amendments consistent with GATT obligations was a welcome feature and of significance for the medium and long-term aspects. One project under active consideration is the adoption of a procedure enabling classification by previewing samples, which would be of particular assistance for a medley of European goods which ECA believes could be introduced advantageously to the United States market.

5. *Sub-Committee on Alternative Sources of Supply from Non-Dollar Areas. Item 4 (A) of the Agenda.* (Canadian representatives: Ritchie and Murray.)

It was too evident that specific United Kingdom proposals were lacking, and the discussion turned to an examination of sterling area development projects from the point of view of economic reality. In this field and on the question of east-west trade the exchange of opinions was of an introductory nature.

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*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2388

Washington, September 2, 1949

SECRET

Tripartite Economic Discussions—Daily Report No. 5.

1. The sub-committees were kept busy Thursday completing their reports in time for presentation Friday to the main committee. The progress of the work was such that it became evident that the official discussions would be able to conclude Friday afternoon.

2. *Central Group. (I) Ministerial Agenda.*

The central group, in two meetings, made good progress in preparing an agenda for the Ministerial meetings. The Ministerial agenda, which is now in draft form, will receive consideration this morning. The agenda is very much shorter than the one for the official meetings. The aim has been to try to phrase the various topics in such a way that creditors and debtors can both talk to them. This should make it easier to have fruitful discussions at an early stage in the Ministerial talks and to avoid the situation which cramped the progress for the first two days of the present discussions, when it was not clear how the agenda items would be handled.

(II) Tariffs.

In the course of a discussion on the possibilities for tariff reductions by creditor countries, the United States acknowledged that there was really nothing that could be done on their side until the third round of negotiations gets underway at Geneva, probably some time in the summer of 1950. Any public indication that tariff reductions were being considered during the present meetings would only make more difficult the approaching Senate debate on the reciprocal Trade Agreements Act. When discussing the general problem of tariffs rather than the specific problem of what could be done now the Americans showed a clear appreciation that the present situation really calls for unilateral reductions by the United States. They have, however, to work within the instruments available to them, which results in reductions being negotiated on a reciprocal basis; whatever benefit the United States receives usually being negated by the imposition of quantitative restrictions.

(III) Levels of income and employment in the United States.

At the meeting of the central group on Thursday, September 1st Willard Thorp spoke for the United States on the subject of the maintenance of high levels of production and employment. He said that there was not much that could be added to the President's report: that some further reduction in commodity price levels was expected in the course of the twelve-month period commencing July 1st last—perhaps something of the order of 5 percent: that the reduction in G.N.P. was not expected to exceed this percentage; and therefore that they expected the volume

of production to be maintained at more or less the levels of 1948–1949. They expected that the budget deficit would be between \$2 and \$3 billions. Thorp did not give any estimate of unemployment figures, but assumed that there would be no formidable increase. We raised the question as to whether unemployment might not be quite substantial by the end of next year if there is some tapering off of the capital investment programme, and having in mind that the natural increase in the working force, plus increased productivity would mean that there would have to be a distinct increase in volume of production to keep unemployment down to reasonable figures. Thorp did not have any definitive views to express on this subject. He agreed that if unemployment reached five millions Congress would be likely to consider all possible measures for dealing with the problem, and pointed out that the existence of the Council of Economic Advisers emphasized the concern of the United States in the question of high employment. The United Kingdom representatives stressed the deep interest which was felt in their country in United States policy in this field and the rather common assumption that the United States was likely to accept very broad swings in business and employment as an inevitable part of the free enterprise system. Anything which could be done by the United States to dispel this view would be useful. Largely for the benefit of the United Kingdom, we pointed out that United States figures of unemployment could be quite formidable while at the same time United States consumption was maintained at high levels.

Paul Nitze gave some estimates of the possible international current account position of the United States in 1950–1951. He stressed the fact that these estimates were ones which he had made up for his own benefit and were highly tentative. He guessed that imports of merchandise might be about \$6,400,000,000. To arrive at a figure of dollars available for purchase of United States exports he added \$3,000,000,000 of United States Government assistance—a figure which we think seemed optimistic to some of the other Americans—and added further amounts representing private capital movements, international bank loans, etc. His final figure of dollars available was \$10,800,000,000 which he thought would represent approximately the same volume of exports as in 1948 after allowing for some decrease in prices. There was no extensive discussion of these estimates. It was obvious that everyone thought that they presented a happy picture which seemed too good to be true.

(IV) *Stockpiling.*

Nitze made the point which may have to be made again during the Ministerial meetings that it would be most unwise consciously to attempt to change the stockpiling programme into an instrument to provide some measure of dollar assistance to the sterling area. If it became evident that the stockpile programme was being used to assist the British the administration would immediately be open to heavy pressure to use the programme to assist depressed segments of the American economy.

3. *Sub-committee on "competitive position of British Goods in dollar markets."*

The United Kingdom reported on the incentives which are used to assist dollar exports. We pointed out, in reply, that many of the incentives really amounted to

the removal of existing difficulties. In the afternoon the United Kingdom representatives agreed that the present incentives were not, in fact, sufficient, and that quite new incentives would be required. From the Canadian point of view the report as drafted yesterday is admirable. It is doubtful though that it will be acceptable to the United Kingdom delegation. The Committee's report is being presented Friday morning by Mackenzie to the central group.

4. *Other sub-committees*

The reports of the sub-committees on customs procedure and on the alternative sources of supply in the non-dollar areas are being presented to the full committee Friday afternoon. The delegation will bring copies of all the reports submitted when they return to Ottawa by air Saturday morning.

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*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2400

Washington, September 2, 1949

SECRET

Tripartite Economic Discussions—Daily Report No. 6, covering Friday, September 2nd.

1. *The Central Group.*

Mackenzie, as chairman of the sub-committee on the competitive position of the United Kingdom, submitted its report. The report had only been completed the previous evening. Wilson-Smith had not seen it. As forecast in our previous report, he was obviously disturbed by its contents and asked that its circulation should be strictly limited. His worries focused on the following points:

(a) The report went a long way in accepting the thesis that United Kingdom prices are "out of line";

(b) Some suggestions for the improvement of the productivity of United Kingdom industry by means of technical assistance from the United States might prove disturbing to arrangements already made along these lines;

(c) The report concluded that existing incentives to United Kingdom businessmen to expand dollar exports were inadequate—with a not very thinly veiled implication regarding devaluation.

2. A brief discussion of devaluation followed. Wilson-Smith reminded the group that he had no instructions and that this matter, above all, was highly political. He gave assurance, however, that it had, in the past, been very fully discussed, both among officials and with the Ministers directly concerned. He added that its value might be quickly dissipated if it was not accompanied by renewed anti-inflationary measures to hold down costs. Webb said that his own delegation was also under

political disabilities in discussing the question. Alluding to the fund, he pointed out that many interested countries were not at the present discussions. However, the United States side had failed to find any satisfactory alternative solution to the basic problems confronting the United Kingdom. Hall indicated that United Kingdom officials, in advising their Ministers, had used many of the arguments that United States officials would like to see advanced.

3. Discussion then moved forward to the draft Ministerial agenda (we have already sent by teletype the document as finally accepted). The only new point raised was in connection with the future of multilateralism and convertibility. Wilson-Smith enquired whether the United States was likely, in the coming discussions, to make new requests for reassurances on these subjects. He referred back to the general historical paper that he had presented on this subject, which questioned the wisdom of trying to achieve these objects before the necessary economic balance had been established throughout the world. Bissell began a discussion of the United Kingdom-Argentine Agreement which seemed to lead away from the desired objectives, but the time arrived to conclude the meeting before he could complete his point.

4. The earlier discussion of Mackenzie's report raised two basic questions to which thought will have to be given before and at the Ministerial Conference:

(a) Circulation of documents (at the beginning of the official conference both the United States and the United Kingdom asked for 60 copies each of all conference papers, and they now seem to be in a mood to impose much stricter limitations);

(b) Relations with the press.

5. On Friday afternoon the full group reconvened for the first time since Monday afternoon and received reports from the respective sub-committees, along the lines of the subject matter included in earlier daily reports.

6. Copies of each sub-committee report will be forwarded as soon as they are made available.

591.

CH/Vol. 2085

*Le premier secrétaire, haut-commissariat au Royaume-Uni
au haut-commissaire au Royaume-Uni*

*First Secretary, High Commission in United Kingdom
to High Commissioner in United Kingdom*

SECRET

Washington, September 8th, 1949

Dear Mr. Wilgress,

It would take a bold man to attempt at this stage any prediction of the probable outcome of these talks or even to attempt any judgement of the progress made so far. I am not that bold. All that I hope to do in this note (and the enclosures) is to give you a general supplement to the daily cable reports on what is happening here.

As you will know, the preliminary official talks began on August 27th and ended last Friday, September 2. During those talks the detailed agenda (Document M-18 enclosed)† was examined at some length with a view to ascertaining the facts concerning the various topics and to determining which items might usefully be discussed by the Ministers.

The "fact-finding" on most of the topics was undertaken by four subcommittees, the reports of which I am enclosing.† These reports relate to:

- (1) Balance of Payments Statistics
- (2) Competitive Position of British Goods
- (3) U.S. Customs Procedures
- (4) Substitution of non-dollar for dollar Sources for U.K Imports
- (5) Problems with respect to tin, rubber, and general stockpiling policy.

Generally, these reports will be found to be rather inconclusive. In fact, the purpose of the several sub-committees was not so much to secure agreed conclusions which could be reported to Ministers collectively as to produce a discussion on the basis of which each Delegation could advise its own Minister separately on what the "facts" appeared to be. The reports themselves have no very definite status (in fact, one of them—the one on the U.K. competitive position—was, in effect, withdrawn on the suggestion of Wilson-Smith), and cannot be referred to as authoritative statements of the common views of all three Delegations. You may, nevertheless, find them of some interest for the indication which they give of the trend of discussions in the sub-committees—even though they may not provide much of a clue to the inner thoughts of individual officials or to the views which the various Ministers may eventually express. Some of the topics on the agenda (particularly items 2b, 2g, 2i, 2j, 3, 4b, 5 and certain aspects of 6) were reserved for discussion in the central group of senior officials and were not referred to sub-committees. The discussion of these items was also largely of a "fact-finding" character.

Of the material which was submitted during the official discussions, I am sending you by sea bag a collection of the papers which would seem to be of most interest, namely:

(a) The philosophical paper presented by the U.K. on "Multilateral Trade and Payments".

(b) The U.K. paper on "The Balance of Payments on the Sterling Area before and after the War".

(c) The E.C.A. paper on "The Prewar and Post-war volume of U.S. Imports from the U.K., as related to prices and unit values."

(d) The Canadian paper on "Price Factors Affecting the Sale of British Goods in Canada".

(e) The U.S. Department of Commerce paper entitled "Data on Competitive Position of British Exports in Various Markets of the World".

The atmosphere of the official discussions was friendly enough throughout. A great number of questions was directed at the U.K. but there was no tendency to treat U.K. officials as though they were the "prisoners in the dock". Some of the

statements by U.K. representatives were pretty vague and unimaginative, but the other participants seemed prepared to excuse many deficiencies in the U.K. presentation in view of the known absence of Ministerial decisions by the U.K. Government on the policy elements involved. U.S. representatives appeared generally prepared to be cooperative (as was apparent particularly in the discussion on Customs Administration), although the distance which Cabinet Members and Congressmen would be prepared to go along seemed open to some question. Wilson-Smith made a very good impression all round. Webb (the U.S. Under Secretary of State) who was Chairman, also did much to make the preliminary talks friendly and helpful rather than merely critical in tone. Bissell (of ECA) was particularly impressive in the discussions of substance.

The agenda prepared for Ministers was very general (see document D-14 enclosed)† and left room for policy discussion on almost any of the subsidiary items which had been included in the fact-finding excursion of the previous week. The expectation is, however, that most of the attention of Ministers will be given to those measures which might be immediately helpful and that further consideration of the more technical or longer term topics may be referred to some continuing body. In short, it looks as though it will work out very much as you expected, with immediate measures being dealt with, so far as possible, now and with many of the larger and longer-term issues being held over for more extended consideration through some channel or other.

The opening Ministerial meetings yesterday started off in reasonably good mood. I assume that the London papers will carry fairly full reports of the principal formal speeches and I shall not attempt to summarize them here. Bevin's remarks (which may not be reported in the press) were made with considerable emotion and were very well received, particularly by Snyder who described them rather glowingly as "beautiful expressions of a great soul". Bevin expressed the view that Marshall Aid had saved Western Europe from going under, politically as well as economically. He felt that the great question now was whether that part of the world which was still free could remain free and prosperous. Mr. Abbott's statement was more precise than most of the other speeches and put some specific issues in pretty direct terms. His speech is understood to have been welcomed by the State Department (and probably by ECA) but the reaction of the Treasury is not known.

How well Cripps is, and how well he will get along with Snyder, are difficult matters to judge. My own impression is that he doesn't look nearly as fit as he has appeared on other occasions when I have seen him. Bevin, on the other hand, is looking robust (which Makins says he really is) and is showing signs of getting on famously with Snyder.

I should probably mention that one of the concrete measures which the U.K. think might be of immediate assistance to them is the resumption of ECA financing of Canadian wheat. Our people are not all convinced that such a measure would necessarily be in *our* interest; particularly if other items can be found in the U.K. dollar expenditure programme which could absorb the full allocation of ECA aid, thus making it possible for the U.K. to go on buying Canadian wheat with "free"

dollars. You will doubtless be hearing more on this subject from here in the daily reports within the next few days.

I hope that everything is going along well at Canada House.

Yours sincerely,
ED RITCHIE

592.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 13, 1949

WASHINGTON FINANCIAL DISCUSSIONS

9. *The Secretary of State for External Affairs* felt that the discussions in Washington had been useful. The meetings had provided a very frank exchange of views between the United Kingdom and the United States. The U.K. representatives had indicated that they were not seeking a further aid programme and the final communique of the meeting had contained the explicit assumption "that extraordinary aid from the North American continent would have come to an end by the middle of 1952". A further point of particular importance in the communique was the recognition by the United States, as one of the participants, "that high tariffs were clearly inconsistent with the position of creditor countries".

There had been full discussion of each of the subjects specifically referred to in the communique and it had been agreed that it would be desirable to establish arrangements for continuing consultation. The U.K. and U.S. representatives were anxious that Canada should be a participant in continuing consultations, and it was probable that the guiding committee would consist of the U.S. Secretary of State and Secretary of the Treasury, together with the Ambassadors of the United Kingdom and Canada in Washington. Each member of the committee would have a deputy, and the deputies would be able to meet by themselves to carry on the purposes of the main committee.

10. *The Minister of Trade and Commerce* said that there had been valuable discussion of eligibilities for E.C.A. financing. The communique stated that "it will be necessary for the United Kingdom to finance, with its share of E.C.A. funds, a wider range of dollar expenditures than has hitherto been eligible". Specifically, it had been agreed that \$175 million should be available for the purchasing of Canadian wheat. There would also be \$10 million for bacon, \$10.6 million for pulp and paper, \$30 million for shipping services, and smaller amounts for manufactured items, petroleum equipment and tobacco. In all, the new range of eligibilities totalled \$307 million, which was some \$50 million more than was necessary to close the gap between previously eligible requirements and the total of E.C.A. funds available to the United Kingdom.

11. *Senator [W.M.] Robertson* reported that he had been informed that, under contracts let by the Department of Public Works for erection of public buildings and possibly for other purposes, there were often provisions against use of other than Canadian products, even though there might be equally satisfactory U.K. products available at a lower price. In the present economic situation it seemed undesirable that the government should, in its contracts, be taking such a position when it was important, from our own point of view, to encourage British exports to Canada.

12. *The Prime Minister* said that, in view of the definite position taken with regard to termination of extraordinary aid by 1952, it would be important to keep in mind, in all aspects of policy, the desirability of achieving a position where as large a proportion as possible of Canadian exports to the United Kingdom could be covered by U.K. exports to Canada. It was desirable to consider what should be said in the House of Commons with regard to the Washington discussions, and a special meeting of the Cabinet might be held on Friday night or Saturday morning with the Minister of Finance to examine the question.

13. *The Cabinet*, after considerable discussion, noted:

(a) the reports of the Secretary of State for External Affairs and the Minister of Trade and Commerce concerning the Washington financial discussions; and,

(b) the comments of the Prime Minister as related to provisions of government contracts and other aspects of policy affecting the level of U.K. exports to Canada.

593.

CEW/Vol. 2159

*L'ambassadeur aux États-Unis
au ministre des Finances*

*Ambassador in United States
to Minister of Finance*

SECRET

Washington, September 14th, 1949

Dear Mr. Abbott:

I am enclosing a Memorandum which records my personal recollections of the discussions between September 7th and 12th in the ministerial group. I found when I started dictating that I was able to get down on paper a rather longer account than I had expected, but I know that it still contains a lot of gaps.

I might supplement the Memorandum by including in this letter a few impressions on the atmosphere and personalities. I was afraid before the talks started that there would be difficulties with Mr. Snyder, but only on one occasion was there anything which could be called at all sharp exchanges between him and Sir Stafford Cripps. That was when the sterling balances were under discussion. The atmosphere soon cleared, and I am not sure whether Mr. Snyder's sharpness was caused by the discussion itself or by something that had put him rather out of temper before the meeting. He was not inclined to join in discussion of broad issues of policy, such as the means required in the long run to put the United States in a

proper balance for a creditor nation, as were Mr. Acheson, Mr. Hoffman, and Mr. Douglas, but he at least did not in any way express dissent, and I think his reticence may have been caused more by the fact that he is less facile in a discussion of this sort than the others, than by disagreement or mental reservation.

On the British side, I thought that Sir Stafford was not quite as persuasive as I had expected him to be, probably because of the poor state of his health. He was, however, extremely frank and, I gather, inclined to discuss more clearly than he did in London in July the nature of the difficulties of the U.K. and the means to meet them. Mr. Bevin was a great success at this conference, and I am sure that he impressed all the Americans who came in contact with him. I should think that the scars left by previous controversies, notably those over policy towards Palestine, have now been healed. Mr. Acheson remarked privately to Mr. Pearson and myself when we were talking over the personalities at the meeting: "The British must take care of Ernie, for he is the hope of the world".

Undoubtedly all those present know each other better than they did when the meetings began and appreciate sympathetically each other's problems and difficulties.

I am sending a copy of my Memorandum, together with a copy of this letter, to Mr. Pearson and Mr. Robertson.

Yours sincerely,
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Note du ambassadeur aux États-Unis

Memorandum by Ambassador in United States

SECRET

Washington, September 14th, 1949

MINISTERIAL TALKS ON ECONOMIC AND FINANCIAL QUESTIONS

This memorandum is a personal record of the meetings between the British, American, and Canadian Ministers in Washington, held from September 7th to September 12th, 1949. It is based on my recollection of the discussion at these meetings, supported by some inadequate notes on some of the subjects discussed. No minutes were kept of these meetings, and so far as I could see, the only notes taken fairly regularly during the proceedings were made by Sir Stafford Cripps and by myself. Those present at the ministerial discussions included Snyder, Acheson, and Hoffman for the United States; Bevin, Cripps, and Franks for the United Kingdom, and Abbott, Pearson, and myself for Canada. (Titles are omitted throughout this memorandum for purposes of brevity.) These nine constituted a central group, which met once on September 7th, twice on September 8th, once on September 9th and 10th, and twice on September 12th. Harriman and Douglas were also present at most of the meetings and at some of them others were brought in for particular discussions, including Thorp, Nitze, and Blaisdell.³⁷ Sawyer (Secretary of Com-

³⁷ Donald C. Blaisdell, secrétaire adjoint au Commerce/Assistant Secretary of Commerce.

merce) and Brannan (Secretary of Agriculture) each were present at part of one meeting.

These notes deal only with the meetings of the central group and do not cover the meetings of special groups and those of the drafting committee, which prepared the final communique. This communique contains the record of the understandings reached at the meetings in so far as these could be made public at the time.

Throughout, the discussions in the central group were very frank and there was a manifest desire on the part of all concerned to achieve substantial results. Except at one or two points, the atmosphere was cordial and, as a rule, statements of fact or policy were accepted without question by all present. Snyder presided and proved to be a better chairman than I for one had expected. There follows a brief account of each of the meetings of the central group. This is certainly very imperfect. I have made no attempt to summarize the discussions on questions not of direct concern to Canada, such as on petroleum.

First Meeting, Wednesday, September 7th, at 12 noon

This meeting was preceded by a lengthy and hot session with the photographers and newsreels, at the end of which brief recordings were made, with Snyder, Bevin, and Abbott as spokesmen. At the meeting the procedure for future meetings was settled and a statement on the United Kingdom position was made by Cripps. It was agreed to hold a larger meeting with officials present that afternoon, at which statements would be delivered by a spokesman for each delegation—Snyder, Cripps, and Abbott. These statements were subsequently released to the press.

Second Meeting, Thursday morning, September 8th

This meeting began by listing the topics of discussion and dividing them between those which should be given preliminary examination by special groups and those reserved for ministerial discussion. Four special groups were set up—one on rubber, tin, and stockpiling, with Sawyer as Chairman; one on E.C.A. eligibility, with Hoffman as Chairman; one on Customs procedures, with Foley (Under-Secretary of the U.S. Treasury) as Chairman, and one on overseas investment, with Thorp as Chairman. These groups were requested to present reports on the morning of September 10th. The subjects reserved for ministerial consideration are shown below as they came up for discussion at each meeting.

The meeting then proceeded to consider the question of *the dollar earnings of the United Kingdom and sterling area*. Hoffman was the spokesman for the U.S. and he made an effective plea for efforts to increase the dollar sales, especially by the U.K. He said that while there was some possibility, by good salesmanship, of expanding the consumption in the U.S. of a few raw materials, such as tea and cocoa, he was thinking primarily of manufactured products. No serious effort had yet been made throughout the sterling area, and particularly by manufacturers in the United Kingdom, to earn dollars outside the few established lines. The U.K. should take a good many actions to provide incentives and opportunities. Small manufacturers in particular should be given effective incentives. A pragmatic approach was necessary and exhortations would not do any good. It should also be made easier for tourists to spend dollars in the United Kingdom. He cited his own

experience in trying to secure exemption from purchase tax on things he wished to buy in London for delivery to the ship. He thought the U.K. ought to be able to increase exports to the U.S. by \$200 millions a year and to extract a further \$100 millions from tourists.

With respect to tourist traffic, he urged that an effort should be made to appeal to factory workers and farmers, who, in present conditions of prosperity and with the growth of paid vacations for factory workers, could afford to spend their holiday abroad, if provided with transportation and accommodation at moderate rates. He said he was satisfied from his own experience in civil aviation that it was possible to provide a return rate to the U.K. for \$350 and for the airlines to "make a killing".

He said that he was much more critical of other sterling area countries than of the U.K. in this respect. When in Dublin a few days before, he had exhorted Irish Ministers to get busy earning dollars, and he told them that they could earn \$35 millions a year more from tourists if they only would take the trouble. In general, he mentioned the effect throughout the sterling area of their dependence on the United Kingdom for dollars, and argued forcibly that this deprived the other sterling area countries of a real incentive to expand dollar earnings. He demanded from the sterling area and O.E.E.C. countries "the greatest drive for dollars ever known".

He went on to say that if the public in the United States was satisfied that a great effort was being made, public opinion would overcome resistance from special interests fearing competition in the domestic market. A great educational campaign was needed in the U.S., together with some lowering of tariffs and a reform of customs administration. To help the campaign, dramatic evidence from Europe was needed, both on the effort to earn dollars and on the integration of European economies.

Bevin later replied briefly to Hoffman's remarks, emphasizing that a great deterrent in the United Kingdom was fear that if they did establish new markets in the U.S., they would be promptly deprived of these markets by tariff changes. Drawing on his great experience as a Trade Union official, he recalled meetings before and after the first war with American Unions in which the British were exhorted to leave the U.S. market alone and to sell their goods elsewhere in the world. The line taken was that vigorous British competition in the U.S. would interfere with the welfare of labour, delay unionization and affect wage rates. Bevin said that memories of this were still important in labour circles in the U.K. and urged that it was necessary to satisfy as far as possible both manufacturers and trade unionists that they would be able to hold in U.S. markets that which they might gain.

Sawyer was invited to come to this meeting briefly in his capacity as chairman of the special group on tin, rubber and stockpiling. Bevin gave a very effective talk on the importance, from the point of view of defence and resisting Communist infiltration, of maintaining export sales of tin and rubber from Southeast Asia. He remarked that Soviet agents were busy there and were seeking to buy tin and rubber with dollars. This was very appealing to sections of native opinion, particularly when exports for the West fell off, as they had now done sharply. Cripps urged that stockpiling purchases should be placed on a regular schedule so as to maintain an even market, especially for rubber. On the U.S. side, it was pointed out that stock-

piling policy was by law controlled by strategic considerations and that the use of funds for stockpiling had to be guided in large part by the views of the Department of Defense.

Third Meeting, Thursday afternoon, September 8th

The first subject discussed was *petroleum*. Acheson began by mentioning the extreme complexities of the oil industry and the great difficulty in arriving at any generalizations. He said that through the conclusion of bi-lateral agreements and exchange restrictions, American companies had recently been driven out of their markets in four countries. I think that he had France and Argentina specially in mind. He mentioned the great strategic importance that was attached to the maintenance of the American concessions in the Middle East and the consequent necessity of maintaining production and sales from this area. The problem was to find some solution which would not add to the dollar burden of the sterling area.

There was a good deal of discussion of details, which I was too ignorant to follow fully, with Thorp and Hoffman as the principal U.S. contributors to the discussion. Cripps and Bevin were at pains to explain that Argentina was not required by the recent agreement with the U.S. to buy sterling oil, but this was not fully accepted on the American side, on the ground that Argentina would in practice have to spend on oil a substantial part of the sterling received for her meat. Both the U.S. and the U.K. spokesmen appeared to agree that there was on the average a fairly large dollar content in the so-called sterling oil. Cripps said that the net dollar drain for petroleum products in the sterling area would amount to \$580 millions this year and that on current estimates it would be reduced only to \$500 millions by 1953. He said that this was in large part due to the arrangements which require the U.K. to supply oil to a number of soft currency countries, including France.

It was agreed that the problems involved were too complex to be carried forward at this discussion and that a technical committee should be established, to meet as soon as possible, to go into the issues and to prepare a report for consideration by the Ministers. The British members of this technical committee, who come from the Ministry of Fuel and Power, are arriving in Washington this week.

The discussion then turned to *shipping*. In general, all the American representatives who spoke deplored the protectionist character of their present shipping policy, both with respect to the use of shipping services and to ship construction. (These two subjects were never very clearly separated during the discussion.)

Harriman began by expressing the hope that the North Atlantic Treaty might make politically possible a new look at U.S. shipping policy, on the ground of the necessity of pooling shipping among the parties for defence purposes. Hoffman agreed, and he and Douglas both spoke from personal experience of the strength of the U.S. shipping lobby and of its remarkable influence in Congress. There would have to be a new climate of opinion in the United States before much could be done. Hoffman remarked that tramp shipping was the centre of the problem and that the use of European tramps was a very good way for the European countries to earn dollars.

Bevin played up the strategic argument, with particular reference to the speed and range of modern submarines and the need for a large reserve of shipping in the

event of war. He expressed doubt whether ships now being constructed were fast enough. He remarked that shipping was "one of the things in which sovereignty has really got to go" for the North Atlantic countries.

Acheson said that the Administration would request the U.S. Chiefs of Staff to re-survey the shipping position in the light of the defence aspects of the North Atlantic Treaty and the need for a shipping pool. He went on to say that what was needed in the United States was a vigorous programme for the education of public opinion on shipping and tariff questions in order to "bring home to everybody the absurd situation under which we have been living for thirty-five years". The Administration hoped "to dramatize the American balance-of-payments problem" so as to be able to resist protectionist forces and special interests on a broad front. At present, they were being beaten in Congress in a series of skirmishes on separate issues not of the first importance. (Acheson later said privately to Pearson and myself that he thought this would be made a major political issue by the Administration in next year's congressional elections. He enumerated the various improvisations whereby the U.S. had itself carried its export surplus, from the Morgan loans of 1914, the war debts and the lending spree of the middle 20's, down through Lease-Lend to E.R.P. He remarked that all the world shared their misery when they stopped covering their current surplus by making dollars available in one way or another during the early 30's.)

Fourth Meeting, Friday afternoon, September 9th

The first subject discussed was *sterling balances*. Cripps began by giving a review of the use of the blocked balances and the arrangements for approved releases. He said that the real problem now reduced itself to the balances held by India and Pakistan. Effective arrangements had been made to stop any serious drain from Egypt. South Africa was now borrowing sterling in London, and the Australian balances were now reduced to a point at which they could be regarded as normal currency reserves.

This led to a rather sharp exchange between Snyder and Cripps. Snyder argued that in fact the balances were not blocked. Cripps denied this and emphasized that releases from them were made only to equal available sterling goods. Such releases certainly did not amount to more than the capital urgently needed in India and Pakistan. The Indian Government had in fact gone some way to bring about a reduction, by agreement to the payment of £100 millions for various assets in India and the assumption of responsibility for pensions for the Indian Civil Service. Snyder returned to the charge by saying that the net result was that the sterling balances today were as large as they had been at the end of the war, since reductions on one account had been cancelled out by increases on another. Snyder did not appear to be convinced by the British defence of their policy and remained plaintive.

Acheson, admitting the need for capital investment in India and Pakistan, pointed out that there were only three sources available—the sterling balances, the sterling area dollar pool, and borrowing in the United States. He suggested that these three approaches should be considered together, in consultation with India and Pakistan. This should help to put the problem in better perspective in those countries and to permit a programme to be worked out.

Bevin then spoke of the great political and social importance of development in these countries and in Egypt because of the great pressure of growing populations and the very low standard of living. He also said that India had come into the war by decision of the British Government, and he and Cripps maintained that if the Congress government were to consent to the cancellation or substantial reduction of that part of the balances which represents war debts, it would be replaced very promptly by a Left Wing government. Bevin remarked that India got a bad deal out of the war.

Acheson said the central question seemed to reduce itself to "How are these areas to be financed in future"? The fallacy in the popular presentation of E.R.P. was that it was to assist the recovery of Europe alone, whereas it included all the sterling area. The Western countries must see India and Pakistan through. When they can find a means to do this, then it will be possible to consider the funding or the reduction of the sterling balances. Cripps had mentioned that it was his hope that in time funding might be arranged at a very low rate of interest.

This led Cripps to introduce the question of *drawings on the International Monetary Fund*, with special relation to the Indian application. This brought on a short discussion between him and Snyder of the purposes of the Fund, in which Cripps referred to the possibility of repaying drawings in the Fund by later long-term loans, and Snyder maintained that this would be contrary to sound policy. They finally agreed that the policy of the Fund in this respect should be taken up in the Fund itself by their representatives in the near future.

The meeting then turned to the question of *tariffs*. Acheson began by saying that there could be no prospect of any early uni-lateral U.S. reduction of tariffs and that the best that they could do would be to undertake a third round of negotiations under GATT. Thorp observed that this normally could not take place before next September, although the timetable might be hastened a little. They had to keep the temper of Congress in mind. There was fairly long and inconclusive discussion of the protective effect of the present U.S. rates. Hoffman pointed out that the average rate on dutiable imports was now as low as that under the Underwood tariff. On the British and Canadian side it was pointed out that this in fact concealed the continued existence of a large number of prohibitive rates. Hoffman said the E.C.A. was working on a detailed study designed to show goods which were now not moving to the United States but which might enter on a competitive basis at existing rates of duty if a strong effort were made to sell in this market. He observed that there was quite a list of items of manufactured goods which had entered the United States before the war but were not now being imported. The full E.C.A. study might take six months, but some data would be available within a few days.

The next item for discussion was the British proposal for the *liberalization of trade in Europe* through a relaxation of import restrictions. I have no notes of this discussion and my memory of it is sketchy. There was great emphasis by Cripps and Bevin, in replies to the question raised by Abbott, on the political necessity of extending to all Commonwealth countries in the sterling area any relaxations which were applied in Western Europe. They said that, if this were not done, Australia, for one, would leave the sterling area immediately. They also maintained that the eco-

conomic effect of such an extension would be very small. They argued that the proposals as a whole would not reduce at all the amount of dollars spent in the U.S. and Canada, as they would continue to spend in the dollar area all the dollars they could get. There might be some diversion to different commodities, but the total would not be affected.

Franks intervened to point out the importance of these steps as a means toward the general aim of a multi-lateral system. The sterling area had to get back to multi-lateralism by degrees, and this was something which could be done now to increase international competition. Since the restrictions arose from balance-of-payments difficulties with the dollar area, why should they not be lifted in the case of countries with which these difficulties did not exist? On the U.S. side, there were references to their difficulties in dealing with Congress in order to secure consent to modifying Article 9 of the Loan Agreement. The discussion ended on the understanding that it would be briefly resumed, but it was not considered again in the central group, although there was talk of it on the side. In general, the U.S. attitude ranged from taking no serious objection to the U.K. proposals to definite approval of them. Abbott indicated that, in his judgement, the Canadian Government would go as far as the U.S. in giving consent.

Fifth Meeting, Saturday morning, September 10th

This meeting first considered the reports from the special groups.

Foley presented the report on *Customs procedures*. This was not a joint report, but a memorandum saying what the U.S. hoped to accomplish. He said that legislation to amend the Tariff Act was now in preparation and that instructions to Customs offices to bring in some administrative changes were being prepared. The whole matter had been studied intensively since last July. Snyder told Cripps that he could not say when it was likely that legislation would be adopted by Congress, but he assured him that the difficulties would be tackled aggressively. Thorp pointed out that domestic opposition to the I.T.O. Charter had not been directed towards this chapter of the Charter but had centred on the chapter dealing with the protection of foreign investments. The U.S. spokesmen said that problems of classification were mainly administrative and that progress had already been made towards greater flexibility, especially towards bringing about uniformity of classification at different ports of entry, permitting classification by sample, and arranging the rapid clearance of shipments directed to established importers. There was no objection to giving publicity in the communique to the intentions of the U.S. Government. On the Canadian side, it was indicated that legislation to give effect to the principles laid down in GATT and the I.T.O. Charter had already been adopted and that the Canadian Government was prepared to take another look at administrative procedures to see if they could be made more simple and flexible.

The next report was an inconclusive document on *commodities and stockpiling*, presented on Sawyer's behalf by Blaisdell (Assistant Secretary of Commerce). He said that it would be possible within a few hours to be more definite on what the U.S. could do, particularly with reference to the reduction of the requirements for domestic use of synthetic rubber. The U.S. also agreed that an international tin

agreement was desirable. They were still in process of clearing matters with the Department of Defense.

When the communique was considered by Ministers on Monday morning it was reported that the U.S. could make a definite commitment to reduce the required proportion of synthetic rubber. An attempt was made to secure in the communique some statement indicating that purchases for stockpiling of tin and rubber would be promptly resumed on a regular basis, but the Department of Defense refused to give its agreement to any public statement to this effect. Cripps and Bevin emphasized the importance of spacing stockpiling purchases in an orderly way so as to keep as even a price as possible.

Thorp then presented the report on *overseas investment*. He remarked that the report was unanimous and that the special group had not been able to work up a good argument, since there was agreement on the objective.

Bevin mentioned at some length the need of development to look after population increases in Egypt and Asiatic countries, saying that the population question was one of the great and continuing problems in the political field. Health services had outrun economic development, particularly in India and Egypt.

Two concrete suggestions were proposed. The first was that the President's Advisory Committee on Foreign Investment, with Winthrop Aldrich as Chairman, should be invited to go into the whole subject and to consult unofficial financial groups in the United Kingdom and Canada. This was accepted and later inserted in the communique. The second suggestion was put forward by Hoffman. He proposed that the Export-Import Bank should remove its embargo on loans to O.E.E.C. countries, which had been imposed when E.C.A. was heavily involved in making loans during its first year of operation. He said that this was an important proposal, and Snyder agreed that it should be taken up promptly through raising it in the National Advisory Council.

Both Cripps and Thorp mentioned briefly that it might be desirable for the International Bank to loosen its policy so as to cover in some cases in its loans the financing of development projects which had already been undertaken. Railway equipment for India was cited as a case in point.

Douglas urged that Indonesia should not be passed over as a fertile investment field where economic development was urgently required and would be of great assistance in resisting Communist infiltration.

Finally, Snyder said that the issue was tied up with Point IV of the President's Inaugural Address last January. The Advisory Committee already mentioned had had under examination for some time the means to give effect to Point IV and was fully informed of the general principle. He could undertake that this Committee would take a broad view of the role of private investment abroad.

The next report dealt with *E.C.A. eligibility problems*. Hoffman said that he was awaiting final word from Brannan on the legality of the resumption by E.C.A. of the financing of Canadian wheat for the U.K. Brannan was trying to work it out with his legal advisers. He outlined the proposal that E.C.A. should finance Canadian wheat in the current fiscal year to the extent of \$175 millions, provided that the United Kingdom bought U.S. wheat to the tune of \$30 millions plus \$10 mil-

lions of miscellaneous surplus agricultural products, and provided that Canada would undertake to increase its purchases of fresh fruits and vegetables from the U.S. through relaxing import restrictions.

Abbott denied emphatically that a commitment could be made by Canada to relax import restrictions as part of a bargain whereby E.C.A. resumed financing of Canadian wheat. He maintained that this was mainly a matter between the U.S. and U.K., pointing out that the U.K.'s expected over-all deficit with Canada this year would only run to about \$200 millions. (This discussion involved repetition of some of the criticisms of the memorandum sent last month by Mr. Attlee to Mr. St. Laurent which purported to show that the U.K. only had \$69 millions in free dollars to spend in Canada.)

Hoffman said that he was trying to make a tough deal with Congress, and appealed to Abbott not to "let a few vegetables interfere". Abbott made clear the policy of Canada to relax import restrictions as rapidly as possible and told of the extent to which the restrictions had in fact been relaxed on fresh fruits and vegetables. If any reference was made in the communique to this matter, it would have to indicate that this was a policy which the Canadian Government had been following ever since the restrictions were imposed. The important thing was that it must not be represented as part of a bargain over wheat.

Cripps then informed the group that he had received word that morning that India was not intending to buy any dollar wheat this year, which upset the deal whereby India was intended to switch to Australia an estimated requirement of U.S. wheat to the amount of \$30 millions. The U.K., therefore, under the proposal would have to add to its stocks [of] wheat to this amount. Bevin then observed that he had been most apprehensive last year when the Berlin blockade began about the fact that there was only eight or nine weeks' supply of wheat in the U.K. From the point of view of defence, he would be very glad to see larger stocks, covering twelve to sixteen weeks, held in the country.

After an interval, Brannan joined the meeting. He said that his advisers agreed that there was a loophole in Section 112(d) of the Economic Cooperation Act which would permit financing of Canadian wheat on the responsibility of Hoffman. Wheat had already been declared surplus in the U.S. for various other purposes, but the statute gave Hoffman power to overlook the surplus provision of the Act if this was necessary to give effect to its basic purposes. He pledged himself to stand by Hoffman in defending the decision before Congress, the farm bloc, and the public.

Hoffman said that the loophole was the inclusion of the words "in so far as practicable" in Section 112(d). He had tried and failed to get a broad interpretation of this phrase with respect to shipping. He would, however, take full responsibility, but he must warn those present that the effort might fail through the adoption of more restrictive legislation. It was a serious risk and a very real gamble. He must check the position over the week-end with his lawyer and, if possible, with the representatives of the farm organizations in Washington, but he promised vigorous defence of the deal, provided that his lawyer agreed with Brannan's lawyers. On Monday he mentioned that his lawyer raised no objection and that he had been able

to secure some support from the farm organizations, including the Farm Bureau, which was most likely to be opposed.

Acheson then raised the question of *arrangements for continuing the discussions*. This had been referred by Snyder on September 8th to Acheson, Bevin, Douglas, and Franks for consideration. Acheson said that they had agreed to propose the establishment of a body with three purposes: (1) to continue a full interchange of information between the three countries, (2) to keep the over-all situation constantly under examination, and (3) to act as an executive agency to see that work on special problems is accomplished. Existing channels should be used as much as possible. A steering committee ought to be established, and the suggestion was that this should consist of Acheson and Snyder for the U.S., with Hoffman if he so desired, together with the British and Canadian Ambassadors. Probably additional staff would be required at the two Embassies. The principals would need to have deputies for each of them and, while the steering committee would be the key point, the calibre of the deputies would be very important. They themselves should meet regularly, and, if they thought it desirable, they might meet in Ottawa and London on occasion as well as in Washington.

The general idea was to continue unostentatiously the procedure developed at this meeting. Such an organization could continue to handle problems like the financing of Indian capital needs, the removal of import restrictions (with reference to the British proposals for relaxation), and the problems of the oil industry. It should receive regular and full information on the reserve position of the countries concerned. Also, the initiation of bilateral negotiations, such as the U.K. Agreement with Argentina, should be notified to this group, which should be kept currently informed of their progress.

In any public announcement, it was very important for a number of reasons that the establishment of this method of consultation should be played down. Otherwise, too much attention would be concentrated on it, and in particular the suspicions of other countries would be aroused that the U.S., the U.K., and Canada were ganging up. It would certainly not be the intention to use the group as a means of establishing a common front on matters arising before various international organizations, such as the Bank, the Fund, O.E.E.C., and United Nations economic agencies. It was most important always to keep in mind and to prevent a feeling of exclusion growing up in other countries. This proposal was accepted by the central group.

Sixth Meeting, Monday morning, September 12th

This meeting was called to approve the final communique. A drafting committee of senior officials had been set up on September 10th, which had met that afternoon and on Sunday. Their draft had been reviewed early on Monday morning by the three Ministers of Finance. The central group went over the revised draft paragraph by paragraph and made a number of changes and additions, mostly of a minor character.

Seventh Meeting, Monday afternoon, September 12th

The communique was approved at a brief larger meeting, attended by many officials. It was immediately issued to the press and a press conference was held in the

State Department, attended by all the Ministers. The central group then re-assembled for a short final discussion, which marked the termination of the conversations.

H.H. WRONG

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DEA/10651-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3146

Washington, November 17, 1949

CONFIDENTIAL

Matthews, accompanied by Murray, attended the first meeting of the continuing tripartite discussions with Rowan and Labouisse this afternoon.

2. Labouisse reported on the action which had been taken by the United States under each of the subjects listed under paragraph 7 of the communique issued at the close of the September discussions.

(1) *Overseas investments.* This matter had been referred to the Aldrich Committee for investigation but the Committee has not yet proceeded with its work. Will you please advise whether a Canadian group to consider this problem has been appointed as provided in paragraph 8 of the communique.

(2) *Commodity arrangements and stock piling. Rubber.* The specifications in the United States have been changed to permit a greater use of crude rubber and the situation is being reviewed to see if further relaxation may not be possible.

Tin. The Munitions Board is considering further purchases and while no final decision has been taken it is expected that the RFC will retain existing stocks.

Please advise whether Canadian specifications have been changed to match the existing United States ones, and also whether any progress has been made concerning Canadian stock piling as suggested in paragraph 9 of the communique.

Rowan wanted it to be a matter of record that with a return to the open market for tin it will not be possible to prevent indirect shipments reaching the U.S.S.R.

(3) *ECA financing.* No comment.

(4) *Customs procedures.* The Treasury Department is studying the administrative changes and the legislative requirements that have become apparent following the discussions with Canada and the United Kingdom last week and those which will arise during discussions with various European countries this week.

A meeting of collectors from all customs ports has been called for December 5th where talks on the overall policy will be given by Webb and Snyder in an effort to change the present point of view of collectors, which has been to exclude goods in any manner possible.

(5) *Tariff policy.* Labouisse stated that the United States administration was studying the possibilities of a complete change in the United States policy but realized that the formation of a new policy and its implementation would be a long-term project. It is realized that the scope under the Reciprocal Trade Agreements Act is not adequate.

(6) *Intra-European trade and payments.* Rowan referred to the recent United Kingdom removal of quota restrictions on 50 percent of imports from OEEC countries other than Belgium and Switzerland. He also stated that the possibility of making all OEEC currencies convertible amongst themselves was being explored at the suggestion of the United Kingdom.

(7) *Sterling balances.* Rowan anticipates that a statement of the existing position will be available within two weeks, which will then be handed to the other representatives for study by their Governments.

(8) *Petroleum.* Labouisse handed out copies of a United States working paper headed "Petroleum Problems", which is being reported to you in my immediately following teletype.

(9) *Shipping.* The problem of pooling shipping in the event of an emergency and working out plans for its use within the framework on the North Atlantic Treaty Organization has been referred to the N[atational] S[ecurity] R[esources] B[oard]. State Department feel that if a satisfactory pooling arrangement can be reached at least one of the strategic arguments for retaining the present shipping policy would be removed.

3. Labouisse reported that, in the recent discussions in Paris, Bevin had asked Acheson to inform him exactly what the duties would be of the "dynamic person" whom the United States suggested should be appointed to head up OEEC. State Department are endeavouring to draft a suitable reply.

4. At the same time, Bevin asked for a description of the meaning of "European integration". Labouisse stated that the State Department in this case also are trying to put down on paper the individual measures which they consider to be desirable, and pointed out that they did not expect these elements, when added up together, would be the equivalent of a dictionary definition of "integration".

5. Rowan mentioned the reports that had been circulating concerning a proposed exchange between the United States and India of wheat for manganese. He said that the negotiations appeared to have temporarily broken down. Rowan stated that he would like to discuss this matter further since any interruption in the flow of manganese from India to the United Kingdom would vitally affect their steel industry and might disrupt their whole economy. Labouisse pointed out that in discussions such as this with India the United States did not feel it would be appropriate for them to raise with the Indians any relationship between the transaction and sterling balances, but thought such problems could be considered in the tripartite discussions.

6. Rowan stated the United Kingdom were satisfied with the statistics that were now being received reporting on trade and asked whether the other Governments were satisfied with the statistics being provided by the United Kingdom. He stated that the United Kingdom would provide quarterly analyses of the sterling balance

of payments similar to those provided during the Ministerial talks. He also stated that he felt each country should provide forecasts as to future balance of payments. He did not consider that these need go into the details such as those that are made available at the United Kingdom—Canadian continuing talks.

595.

DEA/10651-40

*Le ministre, ambassade aux États-Unis
au chef, direction de l'économie*

*Minister, Embassy in United States
to Head, Economic Division*

Washington, November 18, 1949

Dear Wynn:

I know that during Hume's visit to Ottawa he will talk to you about the continuing tripartite discussions I am to have with Labouisse and Rowan. I think, however, that it might be worthwhile writing to you to give you some of my rather rambling thoughts on the problems which those in the group will face so that you can let me know how you and others in Ottawa are thinking.

So far as our internal procedure in the Embassy is concerned, Dick Murray is going to accompany me to the meetings. We propose to have a weekly meeting of all persons in the Embassy who are interested in financial or commercial matters to discuss what has taken place at the main meetings and to get suggestions as to matters that might be brought up there. I also intend to ask for comments on the reports of each meeting of the main body, which are sent to Ottawa, and where it seems worthwhile I will pass the comments I receive on to you. Will you please let me know if you find the flow of information too great or inadequate.

As I see the Canadian role in these talks I think one of our main jobs will be to keep prodding the United States to take the necessary steps within the fields outlined in the communique to increase the United States dollars available to the rest of the world. To fill this role I think it is most important that those steps which are expected of Canada should be taken as promptly as possible. Our only commitments to date appear to be the consideration of some increased stockpiling of tin and rubber, the appointment of a group from the financial field who can consult with the United States group concerning investment abroad, and a further review of our customs procedure. Will you let me know when any decision or action has been taken on these points.

I am also in some doubt as to the role Canada is meant to play when problems come up which are primarily of interest to the United States and the United Kingdom and only of interest to us insofar as their solution may improve the general world situation. It is obvious that the petroleum question will fall within this group and will become one of the first to receive consideration. I hope you will keep the Embassy advised as to Canadian thinking on problems of this type as they arise, and also will keep us advised as to how active we should be in our participation in the discussion of these problems.

I also find in the broader field of "European integration" that we have very little on hand concerning Canadian thinking. Even in the United States thinking does not seem to have progressed far beyond the stage of believing that integration is "a good thing". Our records do not disclose, however, whether Ottawa considers it "a good thing" or "a bad thing". I realize it is difficult to have an opinion of this subject until we know a little more clearly what "integration" means when used by United States officials, but I hope that Bevin's query, which was reported in our WA-3146, will clarify this point.

The first comments I have received in the Embassy on our report of last Wednesday's meeting are from Bob Keith. He has pointed out that our report on the rubber problem might be misinterpreted to imply that we were referring to Canadian Government specifications requiring use of synthetic rubber. This comment was meant to refer to the probability that Canadian companies would, on account of their close relationship with affiliated United States companies, adopt the same specifications as were being laid down in the United States. I am not sure whether any change has yet taken place in the practice of Canadian companies.

Bob has also pointed out that the statement that the general approach of United States Customs officers has been to exclude goods does not represent the thinking of the Treasury Department and that the statement would be resented by that Department. I think our message was a reasonable reporting of the statement which Labouisse made, but, as Bob points out, Treasury had been reviewing their regulations and legislation long before the recent tripartite discussions. You may be interested in Bob's comments on this point, which I am enclosing.†

I am afraid this letter has been even more rambling than I had thought it would be when I began dictating and undoubtedly that is the result of the thoughts which are in my mind still being rather vague. I hope that it will at least give you some idea of the kind of help which we would like to receive from Ottawa.

Yours sincerely,

W.D. MATTHEWS

596.

DEA/10651-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3210

Washington, November 24, 1949

SECRET

Matthews and Murray attended a further meeting in Labouisse's office yesterday. At the request of Rowan rubber, tin and petroleum were discussed.

2. Rowan stated that the recent changes in United States specifications could only result in an increase in the use of crude rubber of 50,000 tons, of which 15,000 was doubtful. He pointed out that this was disappointing to the U.K. as they had hoped

for an increased consumption of crude rubber amounting to 100,000 tons per annum. He hoped that the new legislation would not call for the mandatory use of any fixed portion of synthetic unless the voluntary use of synthetic declined below 200,000 tons per annum. The United States administration apparently also prefer more flexible regulations than those at present in force, and hope legislation will provide for discretionary regulations rather than legislative regulations. NSRB are in the process of thinking out their recommendations which must be submitted to Congress before January 15th. They hope the terms of their recommendation will be settled very soon.

3. Rowan urged that whatever purchases may be made for stockpiling could be made regularly throughout the year and not spasmodically as has been the practice in the past.

4. *Tin.* Rowan stated that owing to an over-estimate of world consumption there was now an excess of productive capacity. The U.K. considered this serious on account of its effect on the political situation in Malaya, the possibility of large surplus stocks becoming available for stockpiling in the U.S.S.R. as well as because of the effect on the sterling problem. The U.K. had purchased all surplus production until the market was freed on the 15th of this month and now has surplus stocks of approximately 31,000 tons. Rowan suggested that the U.S. should undertake to purchase all tin offered at a fixed price somewhat below that prevailing before devaluation of sterling until such time as a commodity agreement could be completed.

5. It was pointed out that politically it would be easier for the U.S. to agree to purchase a definite quantity each year, which quantity would exceed the estimated surplus world production. The U.S. and the U.K. figures differ widely as to what the surplus may be; the U.K. mentioning figures from 50,000 tons to 100,000 tons, the U.S. figures from 25,000 tons to 40,000 tons, as the possible surplus during 1950. Officials of both countries will study these figures and will endeavour to work out some agreement in bilateral discussions at present taking place in London.

6. Labouisse stated that a directive had been issued to the RFC to hold stocks of at least 20,000 tons. Their present holdings are somewhat in excess of that figure. He also said that all RFC offerings of tin since the establishment of the open market had been above offerings outside the United States.

7. We were asked to advise what, if any, action Canada should take to purchase more for its stockpiling of tin. If the quantity should be substantial purchases should be fitted into United States purchasing plan, since, in the case of tin also, Rowan complained of spasmodic rather than regular purchases being made.

8. *Oil.* Rowan submitted a memorandum concerning the estimated surplus production of British companies in 1950. Copies of the memorandum will be forwarded by bag.† Paragraphs six to eight of the memorandum, which sums up the proposals, read as follows:

"The method of operation will be to restrict dollar imports of oil by the U.S. oil companies into the sterling area countries in which substitution is operating, by the amount of the British companies' surpluses but to leave the U.S. controlled

companies free to meet their marketing requirements by purchasing the surpluses from the British companies.

The details of this plan will be discussed with the U.S. oil companies concerned and worked out with them in London so that they may adjust their programmes with the minimum amount of dislocation.

For the first quarter of 1950 the U.K. can absorb all the surplus motor spirit and it is planned to work on this basis. It is not proposed to introduce at this time substitution in minor products or in crude oil although, if considered essential, surplus crude oil could be made available at a later date."

It is estimated that this action will save \$60,000,000 (U.S) in a full year less³⁸ an as yet undetermined sum that would represent the United States dollar cost of producing British oil.

9. Labouisse pointed out that there would probably be violent objection from many quarters in the United States to this action. Rowan made it quite clear, however, that the proposals were being discussed with United States companies in London and did not hold out any particular hope of a modification of the proposals.

10. Rowan hopes to have available statistics concerning sterling balances by the middle of next week and would like information as to the number of copies of papers that will be required. You will recall Mr. Wrong previously advised you that for certain of these papers Rowan would like to be advised of the names of the officers to whom they will be sent.

11. At next week's meeting there will probably be a discussion of the Committees being established in the United States and in the United Kingdom to consider the promotion of exports from the sterling area. If any material is available of the activities to date of the Duncan Committee it would be well to have this on hand.

597.

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

SECRET

[Washington], November 25th, 1949

TRIPARTITE ECONOMIC CONSULTATIONS

While in Ottawa on November 22nd and 23rd I had some discussion of the operation of the tripartite economic arrangements, particularly at a meeting arranged by Mr. Heeney on November 23rd which was attended by Messrs. Clark, Robertson, Towers, Mackenzie, Heeney, Deutsch and Plumtre. I also had some separate discussions with Messrs. Plumtre and Lapan, Mr. Heeney and briefly with Mr. Pearson in New York on November 24th.

A good deal of time was taken up with an explanation from me of how the arrangements seemed likely to work. I said that it was not possible yet to forecast

³⁸ Note en bas de la page, dans le document original:

Footnote in the original document:

As received.

the importance which they would assume, but the intention of the British and American representatives was to take the arrangements seriously. I explained the importance of avoiding any appearance that we had established a new international economic body; the arrangements had as their chief object the more effective use of existing methods for considering and determining government policy, with, as a special object, seeking to ensure that the overall objectives set forth in the ministerial communiqué issued in Washington in September were not lost sight of in dealing with the great range of matters which touched in one way or another on the problem of the sterling-dollar gap.

I also emphasized that, if the Canadian representative was to play an effective part in the arrangements, it would be necessary to increase the flow of information from Ottawa so that at the Embassy we should be more fully aware of what was going on during the formulation of policy on economic and financial issues, and should also receive copies of studies and reports prepared in the interested departments and the Bank of Canada even though these might be fairly early drafts still subject to correction and to interdepartmental consultation. I suggested that some regular system was required in Ottawa whereby more information would be furnished to the Embassy and prompt consideration could be given to matters coming up in the course of the talks here.

It was agreed at the meeting that Mr. Plumptre should be the point of contact in Ottawa and that there should be revived the informal group which prepared the material for the ministerial talks in September. This group would consist of Messrs. Plumptre, Deutsch, Gordon Robertson, [T.N.] Beaupré and a nominee of the Bank of Canada whose name is still to be notified but who is likely to be either Mr. [J.E.] Coyne or Mr. Beattie. Mr. Lapan will assist Mr. Plumptre.

In this connection I emphasized the need for a restricted circulation list for some of the documents which would be tabled in the tripartite talks. The initial list would be those whom I have just named, and they would pass papers when necessary to Messrs. Heeney, Clark, Robertson, Mackenzie and Towers.

I put forward the suggestion that Mr. Matthews should plan to visit Ottawa fairly frequently whenever there seemed to be sufficient material for useful discussion. On such visits he would meet with the informal committee organized by Mr. Plumptre and with others as seemed to be desirable. I also said that I hoped that the creation of this continuing consultation in Washington would not prevent fairly frequent visits to Washington, mentioning especially Messrs. Deutsch and Plumptre. There appeared to be general agreement with the suggestions which I put forward.

During these talks there was some discussion of specific subjects, particularly the sterling balances, petroleum problems, private foreign lending and proposals for closer economic union in Europe.

The Bank of Canada is just completing a lengthy memorandum on the sterling balances, the preparation of which was, I gather, prompted in part by our reports from Washington. It should be received here early next week. Mr. Towers said that,

as a result of his talks in England and with Mr. Cobbold,³⁹ who was in Ottawa during my visit, he had formed the impression that Sir Leslie Rowan was likely to press for active consideration of the balances, with special reference to finding some means of reducing the burden on the United Kingdom of the Indian holdings. He had gathered that in London they were not gravely worried about their capacity to handle the balances held by other countries. He thought it likely that an effort would be made to secure through a new initiative in the United States a substantial easing of the drain of India on the United Kingdom's economy. I asked him what form such action might take within the limits of political possibility and expressed a good deal of apprehension over the attitude of Congress towards even existing foreign aid programs at the next session. He said that the sort of thing which would meet the case for a number of years would be an outright grant in aid to India of a billion dollars. If this were possible, it should be accompanied by a proportionate reduction of the Indian balances in London. I held out no hope that this was likely to be feasible, and we discussed a number of other suggestions, such as the granting of a loan to India with sterling to the equal value put up as security. This, however, was regarded as being politically even more impracticable than a direct grant in aid. As to the time factor, Mr. Towers repeated views which we had previously heard to the effect that the United Kingdom would probably require a considerable reduction of the load by the spring, at which time they might well be on the edge of another financial crisis so severe that they would have to tell India and perhaps others that they were no longer able to permit drawings against the balances. (Incidentally, I gathered that there was a prospect that the British elections may be held in late February instead of late March which I had assumed to be the most probable date.)

On the revival of private foreign lending Messrs. Clark and Towers inquired about the work of the Aldrich Committee. I said that my impression was that the committee had really not started doing anything since the ministerial talks and that information for its guidance was about to be furnished to it by the Administration. The immediate point here is a minor one. Proposals for a similar Canadian committee, including a list of names, are now on Mr. Abbott's desk. Mr. Towers and others said that they thought it would be inadvisable to set up a committee of prominent people in Canadian finance unless they were given a clear idea of what they were expected to do. I was asked, therefore, to seek for further information in Washington on the functions, terms of reference, etc., of the Aldrich Committee, and I said that I would ask Mr. Matthews to bring this up at next week's meeting with Sir Leslie Rowan and Mr. Labouisse.

On oil I raised the general question of the Canadian interest in the problems of sterling and dollar oil. Dr. Clark, who is very well informed on the Canadian oil developments, and others expressed the view that there was no-one in official Ottawa who had expert knowledge of this subject. Some work has been done on it by Mr. Coyne, and Mr. Deutsch had briefly studied the disappointing paper tabled by Mr. Labouisse on November 16th. The group in Ottawa appreciated the possi-

³⁹ C.F. Cobbold, gouverneur adjoint (1945-49) et gouverneur (1949-61), Banque de l'Angleterre.

C.F. Cobbold, Deputy Governor (1945-49) and Governor (1949-61), Bank of England.

bility that loss of sterling and other soft currency markets by American oil companies would bring strong demands for protection against imports of Canadian oil. I found there was no very great hope that Alberta oil would be sold in any significant quantities in the United States for several years, even though production is very severely restricted and the expectation is that the pipeline to Lake Superior will not when completed be able to operate at full capacity. It was thought that when the United States becomes a net importer of oil in five or more years this situation might change. In the meantime there seems to be some prospect that some sterling oil may replace some dollar oil in the Maritime Provinces, Quebec and Eastern Ontario.

On the question of closer economic union in Europe and the Canadian attitude thereto, all concerned said that thinking in Ottawa had only just begun. The first effort to secure interdepartmental consideration is starting with the circulation of a draft memorandum by Mr. LePan with a request for comment. This memorandum is more a outline of the issues than an attempt to reach any sort of conclusion. It deals with suggestions that there should be some application of Article 2 of the North Atlantic Treaty through the establishment of one or more agencies under it.

In this last connection it is evident that we are in no position at present to put forward any specific proposals for further study. Mr. Pearson agreed with this view when I discussed it with him in New York. All I need say in this memorandum is that we should not press for further consideration for some time, and, if the question arises, should discuss it further informally, and preferably in the tripartite forum, rather than press for its reference to the Working Group of the North Atlantic Council. For the present this seems to me to be the line to take if the matter is raised by Mr. Labouisse or Sir Leslie Rowan.

H. W[RONG]

598.

DEA/10651-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3301

Washington, December 1, 1949

SECRET

Tripartite Discussions. The Third meeting of the group in Washington was held on Wednesday, November 30th.

1. *Oil*—Rowan referred to the \$60 million saving anticipated as a result of prohibiting United States dollar imports into the United Kingdom (see paragraph 8 of our WA-3210 of November 24th). Rowan pointed out that the net saving would be approximately the same as the gross since all production came from existing capacity. However, Iran would accumulate additional sterling as the result of payments of royalties and taxes which might give rise to a demand on the dollar pool.

He also pointed out that to produce enough "white products", which includes gasoline, in the Near East would result in a surplus of "black products", which includes fuel oils, in that area.

2. Labouisse stated that there had been some heated discussion in a United States Inter-Departmental Committee, and suggested that this surplus oil could not be regarded as a short-term problem but must be considered as part of the whole problem, including the proposals put forward by the United States, which were reported in WA3147 of November 16th.† He admitted that to some extent a switch from United States dollar to sterling oil within the sterling area was essential, but said that the timing of the switch was of importance to permit the United States companies to make the necessary adjustments.

3. Technical experts representing the United States and the United Kingdom are going to explore the probable effects in detail and expect to have to consult with the companies on this problem.

4. Labouisse was informed that it was not likely that Canada would wish to be represented in these technical discussions. You may, however, wish to have some participation in these discussions if consideration is being given to switching from some United States dollar oil to some sterling oil. The possibility of such a switch was suggested at the meeting in Mr. Heeney's office on November 23rd.

5. *Tin and Rubber*—A technical sub-committee to discuss the problems of purchasing for stockpile is being set up by the United Kingdom and the United States. It was agreed that a member of the Embassy should attend these meetings whenever any point was going to be discussed which we felt would be of interest to us, and it was suggested that when we decide the amount of any stockpiling purchases Canada will make there should be consultation with this sub-committee as to the timing of the purchases so that the pattern of our purchases would fit in with those of the United States.

6. *Dollar export drive*—Labouisse reported that Clare Francis, (Chairman of the Board of General Foods Corporation) whose services Hoffman and Wayne Taylor of ECA have been hoping to obtain to head the United States counterpart of the Duncan Board in Canada, considers that a United States Board could not usefully begin operations unless and until the United Kingdom is in a position to provide information on the quantities of the different goods that might be available and as to the dates when those goods could be delivered.

7. We submitted a memorandum containing information about the Canadian Dollar Sterling Trade Board, which you forwarded in your EX-2870.† Labouisse commented that we appeared to have made far more progress along this line than had been made in the United States.

8. *Studies of trends in reserves*—Rowan has not yet received his statements on the sterling reserve position, but expects to receive these within a few days. Labouisse stated that as soon as these figures were received a study should be made of the trends in the reserve position, since even though the reserves were going up there might be some factors which were tending to reduce the reserves that are at present being hidden when only the overall position is examined. Rowan agreed heartily with this, and stated that it was not yet clear what was causing the upward

trend in reserves and that it was possible this might be offset by increasing liabilities. He said he was particularly worried by the increase in the American account sterling.

9. Labouisse said he was hoping to have transferred to his staff within the next week or ten days a technical expert in these fields, and asked that persons with whom his expert could study this problem in detail be nominated by the others. Rowan said a member of the United Kingdom Treasury delegation would be made available for this purpose. We undertook to ask Ottawa whether an expert from Ottawa could be made available when required for the discussions here. I also propose to use Keith in this connection.

10. Rowan in particular stressed that he considered this aspect of the continuing discussions to be of the highest importance, as he anticipated that a group of experts studying the figures available from all three countries could lay information before the main Committee that might make constructive suggestions possible. If this works out, it will emphasize the importance of our receiving a larger and more steady flow of information from Ottawa, in accordance with the suggestions which I put forward during my visit last week.

599.

DEA/50012-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3361

Washington, December 8, 1949

TOP SECRET

Tripartite discussions.

1. At the fourth meeting held yesterday afternoon, Rowan distributed copies of a report on the sterling balances. This report, which is top secret, contains a seven-page memorandum discussing sterling balance under the following headings:

- a.—Factual description
- b.—The growth of the balances
- c.—Control of balances
- d.—Movements of balances since the war
- e.—Other factors increasing the supply of sterling in international trade and payments.
- f.—The effect of the running down of the balances on the economy of the United Kingdom.

2. In addition to this memorandum, there are three appendices running in 23 pages. Appendix I lists the sterling assets of overseas countries; Appendix II, the main movements of the balances since the war; Appendix III discusses the "treatment of sterling balances since the war and future prospects".

3. Eleven copies of this report were handed to the Americans and seven to ourselves. Six copies (copies Nos. 12 to 17 inclusive) will be forwarded by bag on December 8th.† The covering note to the report, dealing with the security classification, reads as follows, begins:

"The attached report together with its appendices is top secret. It contains information about bank balances which both the holders of the balances and the banks regard as secret information. In view of the attitude of the holders, the United Kingdom Government has consistently refused to provide the figures to the United Kingdom Parliament. The report also contains views on the future prospects about individual sterling holdings. Disclosure of such information is therefore liable to have serious political consequences.

In view of the above, this document should be treated as a top secret informal working document." Ends.

Labouisse is going to give to Rowan a list of all the people on the United States side who will see this document.

4. There was no detailed discussion of the report yesterday and there probably will be none in the informal tripartite forum. Rowan did say, however, that he would make a few general remarks on sterling balances at the next meeting (December 14th). It is assumed that after the United States officials have had a chance to digest the report it will be in order to establish a special group,

(1) To study the figures and get agreement on the facts, and

(2) To examine the policy questions which arise and put forward some of the "many solutions" which will present themselves.

5. Labouisse mentioned a remark which Snyder had made at a recent meeting between Snyder, Acheson, Hoffman, Martin, Webb and Labouisse. Snyder had been pleased to learn that the United Kingdom would shortly table a full report on the sterling balances and remarked that these were figures which he had been keen to get ever since the Anglo-United States loan was made.

6. On the question of keeping the figures up to date, Labouisse suggested that a quarterly basis would probably be quite acceptable on the United States side. Rowan welcomed this suggestion. Anything more frequent than this would be liable to point up seasonable fluctuations rather than the main trends.

7. Labouisse raised the question of what to do about press enquiries on the sterling balances. He said that Reston of the New York Times was after him December 6th and he was certain that Reston would keep up the pressure until he got a proper story on the sterling balances. Labouisse suggested and Rowan concurred that it might be useful to prepare a short paper which could be used as a guidance in answering press enquiries. This paper, which would not be a press release, is to be drafted by the British. None of the policy considerations involved will be mentioned. The general idea would be that the United Kingdom is tabling certain information in accordance with the statement made in the joint communique of September 12th, with a view to having an agreed factual presentation available.

600.

DEA/50012-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3375

Washington, December 9, 1949

SECRET

Tripartite discussions-sterling balances. Your EX-2927 of December 7th.†

1. Labouisse explained this morning that the document presented by the United Kingdom on sterling balances would be examined during a period that would probably extend for two weeks by technicians and policy divisions of E.C.A., and the Treasury and State Departments.

2. He anticipated that by next Wednesday's meeting a few general questions may have emerged from this study which would be addressed to Sir Leslie Rowan, but he did not think that a sub-group to discuss technical aspects on a tripartite basis would be ready until the following week, which would bring the date up to about the 21st of December.

3. Labouisse thought that technicians interested in balance of payments and related questions might be present from all three agencies when the detailed discussions occurred.

4. In the absence from his office of Sir Leslie Rowan, his assistant said that they would be governed by the extent and difficulty of the questions raised by the United States and ourselves. They expected to draw on Treasury personnel in Washington, but if necessary would not hesitate to bring over one or more technicians from London to explain the difficult points.

5. It was stated that in other technical fields such as sterling oil discussions they certainly anticipated calling on London for personnel and regarded themselves more as members of a sterling organization than as experts on all subjects that might present themselves.

6. Under these circumstances, I consider that it would be advantageous to observe developments at next week's meeting on the 14th of December before deciding whether Matthews and Keith should proceed to Ottawa for briefing.

7. This would make it possible to see what kind of questions are shaping up on the United States side and also permit needed time to study the United Kingdom document, and would probably offer more advantages than an arrangement for a meeting in Ottawa before next Wednesday.

601.

DEA/10651-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3412

Washington, December 14, 1949

SECRET

Tripartite discussions.

1. At the fifth meeting of the informal Tripartite Group held this afternoon the items which are listed below were discussed in a brief and general fashion. There has as yet been no detailed or conclusive discussion of any issue in the tripartite forum. It was perhaps the realization of this fact which led Labouisse to say at the end of the meeting that it was about time that serious discussions should begin on such important items as the sterling balances. However, no specific time-table has as yet been set for such discussions.

2. The following items were brought up by the United Kingdom:

(1) *Liberalization of trade.* Rowan tabled a list of additional items which the United Kingdom will shortly be placing on open general licencing. (We understand that the list which is dated 14th December has been made available in Ottawa). Labouisse said that he assumed that in accordance with the agreement reached after the conclusion of the Ministerial talks on the attitude which the United States would take under Article 9 of the Anglo-American loan agreement towards the British initiative in relaxing import restrictions against OEEC and sterling area countries, there was nothing for the United States Government to do other than to note the further relaxations made by the United Kingdom. Rowan said that was his interpretation of the position. By an OEEC resolution the United Kingdom had been requested to liberalize 50 per cent of their trade on private account and were proceeding to do so. It was noted that Canada had not given in such a formal way as the United States, its blessing to the British proposals to liberalize trade restrictions against soft-currency countries. While Canada had indicated its approval of the relaxations being made with respect to trade with the OEEC countries, we had reserved our position on the liberalization of trade with sterling area countries.

(2) *Air Agreements.* Rowan said that without wishing to discuss the multitude of technical arguments which have arisen in the course of interpreting the Bermuda Agreement between the United Kingdom and the United States, he wished to make the request that this Agreement and the subsequent modus operandi be looked at in the broadest possible context, by which he meant that British carriers be licensed to operate between the United States and the Caribbean area. It has been the United Kingdom's experience that although you may lose some dollars on the actual operations of any air carrier any such losses were more than made good by the increased tourist revenue which followed the additional air service. Labouisse undertook to look into Rowan's point and see if it might not be worthwhile to have

technical discussions take place on this question. We suggested that Canada would be very interested in any such discussions if they were to involve anything more than the discussion of a bilateral air agreement between the United States and the United Kingdom.

(3) *Integration.* Rowan tabled the aide memoire which had been sent by the United Kingdom to the Scandinavian countries, outlining the proposals for closer economic cooperation. (The substance of this aide memoire had previously been sent to you in Commonwealth Relations Office telegram Circular H. 507 of December 6th.)† Rowan referred to a working paper on the trade liberalization and payments scheme which he said he understood ECA had produced during Bissell's recent visit to Paris. The State Department officials were not in a position to give any enlightenment on the ECA's most recent proposals as they had only received cabled summaries of them from Paris. There will probably be some discussion of these proposals next Wednesday. Rowan took the occasion to mention two important convictions held by the United Kingdom: The first, which is rather well known, is that liberalizing European trade up to a certain point is an excellent thing. However, beyond a certain point, when you get intra-European trade increasing in commodities which should be directed towards the dollar area it is a bad thing.

Secondly, the United Kingdom considers that the payments scheme should be taken off a grant basis and put on a credit basis; possibly a clearing union could be established in which gold payments on an increasing scale, depending on the size of the deficit, would be the principal feature. Rowan mentioned that after the gold point had been reached one-third of a country's deficit up to a certain point should be payable in gold. Beyond a further point two-thirds would be payable in gold until the point was reached where 100 per cent would be payable in gold.

3. Points brought up by the United States:

(1) *Sterling balances.* Rowan did not make the general statement on sterling balances which he had said the week before he would probably make. Labouisse therefore raised the question of sterling balances by saying that the United States would at a later date wish to talk about this question in order to see what could be done "substantively". The United Kingdom memorandum (despatch No. 3043 of December 8th)† contained no suggested solutions. Labouisse wondered if Rowan had any specific ideas. Rowan merely replied that in his view the first question was to get the "groundwork cleared". This presumably would be done by a group of experts. At that point Rowan said, rather hopefully, he expected that "everybody will have ideas". On our side the question was raised regarding what portion of the sterling balances could be regarded as proper working balances. Rowan said that although it was not possible to give a specific figure on this question the amount of one-third of the present total of sterling balances was probably a good guide.

(2) *Economic union.* Labouisse invited Rowan's attention to an article by Imrie de Veigh entitled, "Alternative to Handouts", which appeared in the November Fortune. This article, which proposes that we should work towards an economic union of the United Kingdom, the United States and Canada is apparently highly regarded by Labouisse and some other United States officials. Labouisse did mention that

the integration of Germany into the Western European economy is a most difficult but nevertheless most important problem for which some solution remains to be found.

602.

DEA/50011-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3429

Washington, December 16, 1949

TOP SECRET

Tripartite economic consultations.

1. Mr. Acheson, Sir Oliver Franks, and I had a brief talk on December 14th about the purpose and direction of the tripartite consultations. We went into no details, but it was suggested that we should meet again, perhaps early in the new year, after expert examination had been given to the British paper on the sterling balances. The purpose of the meeting, which might be attended by the three of us with not more than two or three others present, would be to give direction for further studies and to indicate some possible partial solutions which could profitably be explored. We would not attempt ourselves to analyze the anatomy of the sterling area and its current problems, but rather to outline a programme for others to pursue. I should welcome suggestions as to any ideas which I might put into the pot in such a discussion.

2. Our talk then turned to the current situation in Southeast Asia, on which I am reporting separately.

603.

DEA/50012-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*
*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-3030

Ottawa, December 22, 1949

TOP SECRET

Your WA-3429 of December 16th—Tripartite Economic Consultations. Matthews and Keith will have told you about the discussions here last Friday on the subject of sterling balances. We have sent by bag a list of questions. The most important is whether we can get additional information about the movement of capital out of the United Kingdom, and the over-all balances of payments of the individual sterling area countries. It is growing more and more clear that the burden borne by the United Kingdom is not adequately disclosed by an examination of the movements

of sterling balances. This point is emphasized in the paper on sterling balances (in addition to the questions), which has also been sent by bag for transmission to Rowan and Labouisse.†

2. Matthews' report to us made it clear that there was a good deal of reticence both on the United States and the United Kingdom side in regard to making specific proposals. This reticence no doubt stems largely from the imminence of elections in the United Kingdom and also from the approach of mid-term elections in the United States. It is very difficult to judge from Ottawa whether these considerations are in fact the chief barrier to free and frank discussion. At any rate they involve considerations that can only be adequately discussed between yourself, Franks and Acheson.

3. There is, of course, a danger that reticence may lead to continued inaction at a time when action is really desirable—indeed necessary. Hence we are glad to hear that you plan another top level meeting early in the New Year. Your message implies that you might like someone to come from Ottawa at that time. If so, who would be most helpful?

4. We are still rather uncertain about the nature of "the possible partial solutions" which you mentioned and which Matthews also referred to.

604.

DEA/50012-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3490

Washington, December 23, 1949

TOP SECRET

Your EX-3030 of December 22nd. Tripartite Economic Consultations.

1. We have already reported that the controversy over United Kingdom restrictions on dollar oil is dominating the discussions at the moment. I think that the reticence to which you refer partly results from the difficulties of knowing where to begin. Certainly the United Kingdom is inhibited by the approaching elections from putting forward long-term proposals on the issues of the sterling balances. I doubt that the mid-term Congressional elections affect the American position much; their inhibitions arise more from anxiety about the budget and the treatment at the next session of the Foreign Aid Program. Acheson and Franks both realize that the search for profitable courses of action must at present be on an informal and non-committal basis, with the participants in the consultations acting as individuals rather than as Government representatives. It is in this atmosphere that it is proposed that the three of us should meet early in January.

2. With regard to your last two paragraphs, I am not yet sure whether it would be appropriate to introduce someone from Ottawa at the meeting in question. I have had it in mind that Towers would be a most useful addition to the group, but to

preserve the very informal nature of the meeting it may be that the others would prefer to confine it only to the three of us. I shall try to explore this further next week. As to "the possible partial solutions", I am not myself at all clear. I think that we might get a better idea of the possibility of the United States developing an orderly program of financial assistance to India and other Asiatic countries, and might also bring up such questions as means of increasing British invisible dollar exports by greater use of British shipping and other services, although this is unlikely to be productive of results.

605.

DEA/50012-40

*Le ministre, ambassade aux États-Unis
au chef, direction de l'économie*

*Minister, Embassy in United States
to Head, Economic Division*

SECRET

Washington, December 29, 1949

Dear Wynne [Plumtre]:

Following the tripartite meeting yesterday, at which the discussions were confined to oil, Labouisse, Rowan and myself adjourned to Labouisse's office to have an informal talk about sterling balances. Labouisse urged on several occasions that the talk be regarded as a personal one since the ideas which he put forward in the discussion had not been cleared with the other departments in the United States Government who are concerned, or with senior officials in the State Department. He pointed out that he could only feel free to exchange ideas if they were regarded as personal ones and if he could be sure any opinions expressed by him were not passed on to any other American officials as being his ideas. I believe he is having a talk with his inter-departmental group today or tomorrow and will try to develop further ideas which we will discuss next Monday.

On account of Labouisse's reticence I am reporting to you by private letter rather than by teletype, and hope you will pass on the necessary caveat if you think it worth circulating this letter to any others in Ottawa.

Rowan opened the discussion with a short review of the developments in sterling balances since the beginning of the war. He pointed out that until recently political and strategic considerations had made the U.K. liberal in releasing sterling balances but that they had now come to the point of view that it would be less dangerous to clamp down on releases of the balances accumulated during wartime than to continue with their past practice. He then pointed out that both the U.S. and the U.K. had joint interests in the countries lying in a crescent from the Near East to Singapore which might be adversely affected by such a change in policy, saying that the more serious situations would arise in Egypt, Pakistan and India. The only way of protecting these interests that he could see would be if an additional source of funds was made available from international organizations such as The Bank & Fund or by an "injection of dollars". Labouisse agreed that an alternative source of funds would be required and stated that, in his opinion, sources such as The Bank

& Fund, or any money that might be available under the Point Four Programme, would not be adequate and that, therefore, it would probably be essential for the United States to make dollars available by direct appropriation. In his opinion, in countries such as those concerned a programme along the lines of ECA would not be suitable, and he felt there would be advantages if the dollars could be made available, as in the past, through the United Kingdom. He was worried, however, as to the best method by which to render aid from the point of view of obtaining approval of public opinion in the United States and of Congress. No very definite ideas were put forward yesterday on this point, or as to the nature of agreements that would have to be reached with the countries holding sterling balances under which any direct grants to them would be matched by the cancellation of an equivalent share of the balances. Both Rowan and I stressed the point that a grant of dollars, which the recipient country should be free to spend anywhere, would have far greater effect on the world-wide problem of shortage of dollars than any plan whereby the funds were tied to purchases within the United States. While Labouisse agreed with this he obviously felt the political difficulties of obtaining such authority would be great and at this point he asked what the Canadian reaction might be if at least a large part of any aid were tied in with the disposal of American surpluses.

I said that it would probably be difficult for Canada to object to a disposal of surpluses that would result in the "filling of bellies that would otherwise be empty", but we would regard very seriously a plan for the disposal of commodities that would otherwise be traded in normal commercial channels. I also asked whether such a plan would not be more in the nature of a relief programme, the continuation of which could not extend beyond the period during which there were American surpluses, and, therefore, would do little if anything to build up the productive capacities of the countries concerned.

Labouisse said he thought any plan approved by the United States for assisting those countries in which it had a strategic interest could only be adopted if the United Kingdom could enter into agreements with other holders of substantial sterling balances that would limit the rate upon which those balances could be drawn down. Rowan agreed that such a request might be reasonable, but pointed out that it might be very difficult to reach agreement with the other major holders of sterling balances since the benefits those holders would receive from the overall plan would be rather remote. These difficulties would be particularly great in the case of those countries such as Australia, whose balances had increased since the war, and even greater in the case of countries that were not members of the sterling area.

Rowan agreed to obtain as soon as possible some estimate of the minimum balances required by each of the major holders of sterling balances and detailed figures of the position of the countries lying in the crescent from the Near East to Singapore. It is planned that we should have another meeting on Monday when some additional information may be available and when some further ideas will be discussed.

Labouisse stressed the need of very speedy action if anything was to be achieved in the coming session of Congress, and pointed out that if nothing was achieved by

then any progress within eighteen months was almost impossible. Rowan agreed that nothing very startling could be done before the British elections so that you can see the problem of timing will be a very difficult one.

While the discussions did not give rise to any particularly new thoughts, I think it was the first occasion when representatives of the U.K. and the U.S. have sat down together to exchange ideas such as these, and, therefore, I hope it may be the beginning of a serious consideration of these problems. As you no doubt know, it is possible that later on next week Mr. Wrong, Sir Oliver Franks and Mr. Acheson will have a further talk on these problems.

Yours sincerely,

W.D. MATTHEWS

6^e PARTIE/PART 6

FINANCES ET COMMERCE ENTRE LE CANADA ET LE ROYAUME-UNI
ANGLO-CANADIAN FINANCE AND TRADE

606.

DEA/50092-B-40

Note du secrétaire aux membres du Comité interministériel sur la politique du commerce à l'étranger

Memorandum from Secretary to Members of Interdepartmental Committee on External Trade Policy

SECRET

[Ottawa], February 10, 1949

REPORT OF LONDON MEETING OF THE UNITED KINGDOM-CANADA CONTINUING
COMMITTEE ON TRADE AND ECONOMIC AFFAIRS⁴⁰

The nature of the problems considered in London by the Committee was such that it is difficult to report specifically on the outcome of the discussions. In many ways, the discussions followed the same course as the talks which were held in Ottawa in the Autumn of 1948 between members of the Canadian Government and the United Kingdom Chancellor of the Exchequer. The United Kingdom side reiterated the general policy being followed and the Canadian side expressed grave concern at the effect of that policy, if followed with rigour and without modification, on current Anglo-Canadian relations, and on the ultimate position of the United Kingdom, and the Sterling area, vis-a-vis the Western Hemisphere.

Little information in addition to that presented by the Chancellor was gained regarding the United Kingdom long-term programme. However, it was pointed out that France, under its long-term programme expected to become a significant

⁴⁰ Les participants canadiens étaient: N.A. Robertson, M.W. Mackenzie, Dr. G.S.K. Barton, J.J. Deutsch et E.P. Weeks. Le Cabinet donna son aval à cette délégation le 19 janvier 1949. Pour un registre plus complet des discussions, voir le résumé du compte rendu dans le PCO/vol. 193.

The Canadian participants were N.A. Robertson, M.W. Mackenzie, Dr. G.S.K. Barton, J.J. Deutsch and E.P. Weeks. Cabinet approved that delegation on January 19, 1949. For a more complete record of the discussions, see the summary of proceedings in PCO/Vol. 193.

exporter of wheat. While it was doubtful if the target of one million tons or more would be reached, it was possible that France would be able to export, say, half a million tons. The United Kingdom members indicated that unless French prices were very much out of line they would be obliged to take the French wheat rather than supplies from dollar sources. There was even some possibility of a long-term contract with France. It might, therefore, be necessary to revise, in a downward direction, the estimates of wheat imports from Canada in 1952 and 1953. Furthermore, the survey of long-term plans undertaken by the Organization for European Economic Co-operation had revealed a contemplated dollar gap for the participating countries in 1952, so great that some changes in the individual plans would clearly be necessary in order to reduce it. How far this cut would impinge upon United Kingdom imports from the Western Hemisphere was not yet clear.

There was a lengthy consideration of the implications of the United Kingdom overall commercial policy and the inevitable tendency of that policy to build a high cost trading area which would cause great difficulty in re-establishing, some years hence, satisfactory commercial relations with the Western Hemisphere. It was emphasized that the United Kingdom suspension of imports of certain commodities was having a most unfavourable impact on specific industries and regions of Canada. A continued pursuit of this policy without modification would lead to a deterioration of good will which the Canadian public has had for the United Kingdom with all that that involved.

The problems of the salmon canning industry were given special consideration, not only as a type case, but as one of the most troublesome ones. The United Kingdom had purchased a quantity of canned salmon and crab from the U.S.S.R. against payment in Sterling valid for the purchase of exports anywhere in the Sterling area. The Canadian reaction to this was one of bewilderment and would probably be aggravated when it was known that the United Kingdom did not want the crab and was now negotiating its sale in the United States. The fact that the United Kingdom was prepared to devote part of the dollar proceeds of this sale to the purchase of canned fish in Canada was helpful but was not adequate to satisfy the Canadian problem.

A review of the effects of United Kingdom bulk purchasing on Canadian procurement of primary materials from the Sterling area demonstrated the swing away from the Sterling area as a source of supply to Canada. This, coupled with the existence of an enlarged market in Canada for these products, suggested the desirability of a joint examination of the position as regards individual commodities, particularly sugar and petroleum and a number of foodstuffs. It was agreed that a review of these problems should take place between experts in Ottawa or in London. It is believed that this is a most profitable field of exploration for increased dollar earnings by the Sterling area.

The United Kingdom targets of exports to Canada for the year 1949 were reviewed, and it was the conclusion of the Canadian members that the United Kingdom was making a very determined effort in this direction, subject to the implications of overall policies which resulted in adverse price relationships.

The possibility of increased use of Canadian shipping in tramp trades has been examined by the appropriate United Kingdom authorities and they had now arranged that up to about 40–45,000 tons a month of hard currency shipping should be chartered provided the terms were competitive. As to Canadian participation in East Coast Shipping Conferences, it was considered that if Canadian ship owners were admitted to membership the necessary convertible sterling would be made available.

It was quite apparent that the United Kingdom was not going to make any sudden or radical change in overall policy, nor was this to be expected. It was felt, however, that the United Kingdom Members of the Committee were impressed with the necessity of exploring the possibility of dealing with the more aggravating difficulties of the Canadian situation. They were prepared to re-examine their policy as it affected individual problems and to propose to their Ministers methods of approaching those problems. It is to be hoped that one of the results of the meeting of this Committee may be a more favourable approach on the part of the United Kingdom to specific Canadian propositions in the future.

It was agreed that the next meeting of the Committee should be held in Ottawa in the Autumn of this year.

[E.P. WEEKS]

607.

DEA/10364-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*
*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 584

London, March 19th, 1949

CONFIDENTIAL

1. When I paid a courtesy call on Sir Stafford Cripps on March 17th, he stressed the importance which he attaches to the work of the Continuing Anglo-Canadian Committee on Trade. He said he was sorry the next meeting had been put off until August, and said he did not know whether the fault was on our side or on theirs. When I said that the reason was probably to give time to prepare the necessary material, he replied that he thought the month of August had been chosen because it happened to be a holiday month. He suggested that when Clutterbuck comes to the United Kingdom he and I should consult as the two Chairmen, with a view to assuring more frequent meetings of the Committee.

2. When I mentioned the desirability of enquiring into the possibility of more imports of primary products from the sterling area, he countered by stating that we should also take into account the possibility of increasing imports from the colonies of European countries. This was probably a reflection on his recent activity in the organization for European economic cooperation.

3. Sir Stafford also referred to the drive they are making for increased exports to Canada. He said that this was somewhat in the nature of a stunt in order to create the right atmosphere. When he had been addressing manufacturers, they had referred to our import prohibitions and said that what was the use of encouraging them to export to Canada when the Canadian Government prohibited the particular goods they produced. He had a secretary bring him a list of the goods in question which were:

Domestic electric appliances

Diaries

Costume jewellery

Medium quality silverware

He mentioned that high grade silverware had already been freed at the request of the United Kingdom. I believe his intention in mentioning these products to me was that I should pass word on to the Canadian Government.

608.

DEA/10364-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 666

London, March 30, 1949

SECRET

Reference my telegram No. 584, March 19th—interview with Sir Stafford Cripps.

1. At luncheon given by United Kingdom Government for me on March 29th, Cripps again returned to the subject of the continuing Anglo-Canadian Committee on Trade and Economic Affairs. He said that the Continuing Trade Committee should live up to its name and that even if there was a lot of material to be prepared between meetings, this should not prevent other meetings being held from time to time to deal with current matters arising in the interval.

2. He obviously had in mind the present strained relations over trade, because he mentioned that there were some things in the budget speech by the Minister of Finance about which he was not very happy. When [Frederic] Hudd asked him what particular passages he was referring to, he asked Hudd if he had seen the article in the Financial Times.

3. On returning to Canada House we consulted the Financial Times of March 28th and saw the article Cripps had been referring to was one entitled "Barter Trade", with the subheading "Canada's Strange Attitude". It was in effect a defence of the United Kingdom position against Canadian criticisms, and may have been inspired by the Treasury. The only reference to the budget speech of the Minister of Finance was the statement that he had referred in critical terms to the fact that some countries "had embarked on a course of barter deals, discrimination and the balancing of trade accounts with individual countries".

4. References were also made in the article to the report of the Foreign Exchange Control Board, and to statements made by the president of the Canadian Chamber of Commerce at a Board of Trade luncheon in Vancouver. The action taken to remove the duty concessions on British rayon and cotton piece goods as from July 1st was referred to as an "unhelpful move".

5. The article concluded by stating that London quarters take the view that the pronouncements by leading Canadian officials during the last few weeks show that the Dominion Government is still pinning its faith to the belief that the multilateral trade pattern of the pre-war period will be resumed at the close of the Marshall period. It is then stated that signs had been detected that some Canadians are beginning to think that it might not be such a bad idea for Canada herself to consider bilateral deals to safeguard her export markets. It is noted that "in the Annual Report of the Canadian Foreign Exchange Control Board, Mr. Graham Towers frankly states that Canada may yet have to consider the possibility of making special arrangements to take more goods from dollar-short countries even though these goods were higher priced than elsewhere."

6. I have been wondering if consideration might be given to holding a meeting of the Continuing Committee in Ottawa before Clutterbuck leaves in May. This might allay public criticism of official inaction in the face of a deteriorating situation, and would also satisfy Sir Stafford Cripps, who is desirous of making the Committee the channel for the more expeditious clearance of views on current trade problems arising between the two countries.

609.

DEA/10364-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 616

Ottawa, March 31, 1949

CONFIDENTIAL

Reference your Telegram No. 584, March 19th. Your conversation with Sir Stafford Cripps concerning Anglo-Canadian trade relations.

1. At the meeting of the Continuing Anglo-Canadian Committee on Trade held in London, the Canadian side emphasized the difficulties being created in Canada by the abrupt cessation of United Kingdom purchasing of Canadian exports which for a long time have been dependent upon a traditional market in Great Britain. Particular reference was made to such items as canned salmon, SO2 berries, apples, flax seed, and shipping. In the light of the general apprehension expressed by the Canadian representatives, the United Kingdom officials undertook to give serious consideration to the possibility of working out some alleviation in the impact of U.K. policy upon particularly sensitive Canadian situations. The continued lack of any indication of the resumption of purchases by the United Kingdom of the items referred to is causing increasing difficulties in Canada. I should be grateful if you

could take up this matter further with Sir Stafford Cripps in the light of the following considerations.

2. Our review of United Kingdom and sterling area balance of payments with Canada for the fiscal year ending Jun 30, 1949 indicates that the overall deficit with Canada will be some forty to fifty million dollars less than had been previously estimated. This is due very largely to smaller expenditures on bacon. It had been intimated earlier that should there be any savings in the planned import programme consideration would be given to the purchase of alternative food and other agricultural items. Furthermore, we understand that the United Kingdom is having difficulty in using up the full amount of the ECA appropriation before June 30th. Under these circumstances, it should be easier to purchase alternative food and agricultural items in Canada. We are anxious that arrangements should be made for the purchase of canned salmon from this year's catch, for the purchase of existing stocks of SO2 berries, for the purchase of apples from next autumn's crop, which is expected to be large, for the purchase of flax seed and honey. We hope that it will be possible to work out such arrangements when Mr. Howe is in London during the first week in May.

3. During the meeting of the Continuing Committee in London, Sir Henry Wilson Smith of the United Kingdom Treasury discussed with Deutsch the position of the Newfoundland interest-free loan to the United Kingdom after the entry of Newfoundland into Confederation. The Terms of Union offer facilities to Newfoundland for the deposit of the Newfoundland surplus (which includes the interest-free loan to the United Kingdom of about \$7.3 million) with Canada at interest. Sir Henry argued that these facilities provided an inducement to Newfoundland to make an immediate call on the United Kingdom for the repayment of this loan, which would involve a drain on dollar reserves which had not been envisioned at this time. Sir Henry asked whether the Canadian Government would agree to arrange that any call by Newfoundland upon the United Kingdom might be applied by it as an offset against any payments currently being made in amortization of the 1942 interest-free loan by Canada to the United Kingdom. This would mean that in the event of Newfoundland calling in the loan the United Kingdom would be permitted to divert corresponding amounts (arising from sales of Canadian securities held in the United Kingdom) currently payable to Canada in reduction of the 1942 loan. We find it very difficult to justify, under the terms of the 1942 loan, a transaction such as is proposed by Sir Henry. The Newfoundland interest-free loan is entirely a matter between it and the United Kingdom in respect of which Canada has no obligation whatsoever. The facilities provided in the Terms of Union were granted by Canada at the specific request of Newfoundland as a measure of assistance to the provincial finances. It would, of course, be possible for the United Kingdom to avoid the transfer of funds by being prepared to pay to Newfoundland an equivalent rate of interest.

4. A few days ago the Department of Finance received an urgent enquiry through U.K. High Commissioner here as to whether we would approve the sale by the Anglo-Saxon Petroleum Company (a Royal Dutch Shell subsidiary) to the Shell Caribbean Company (a U.S. company) of one-half of the common stock of Shell Oil of Canada to the value of \$17.8 millions, and a note for \$2.8 millions owed by

the latter to Anglo-Saxon. Under the terms of the 1942 loan the U.S. dollar proceeds of such a transaction would ordinarily have to be applied in reduction of the loan. We are asked to waive this requirement in order to allow Anglo-Saxon to use the \$20 millions of U.S. funds thus acquired for oil development outside the Western Hemisphere. They suggested that if this request were granted there would be some advantage from the Canadian standpoint in that it would facilitate the transfer of ownership of the Canadian subsidiary to Shell-Caribbean which is better able to provide U.S. dollars for financing oil development in Canada. It is clear that the terms of the 1942 loan agreement require that the proceeds of such a transaction be used for payment on the loan. If we were to agree to the request we would forego receipt of about \$20 millions of U.S. exchange. On the other hand, we feel certain that the proposed oil development by Shell in Canada would in one way or another proceed in any case. Consequently it would not be possible for us to agree to this request unless there was some substantial justification.

5. In essence acceptance of the U.K. request in respect of Shell Oil means an extension of further credit, and this would only be possible if the United Kingdom could see its way clear to go to a considerable distance in helping to solve Canadian problems. We are concerned not only with the disposal of certain very troublesome surpluses, but also with the great importance of achieving an improvement in the atmosphere surrounding AngloCanadian trade, and its prospects for the future. If the United Kingdom were prepared to look with favour on this general approach, it should be possible, in our opinion, for Mr. Howe to work out a satisfactory arrangement when he is in London.

6. In your telegram under reference you mention that the Chancellor drew attention to our prohibition on imports of domestic electric appliances, diaries, costume jewellery, and medium quality silverware; items which the United Kingdom wishes to export to Canada. We are giving consideration to arrangements which would permit the import from the United Kingdom of diaries and perhaps medium quality silverware. The problem in the case of domestic electric appliances and costume jewellery is more troublesome since the imports come predominantly from the United States and the setting up of quotas for these items is particularly difficult. The removal of the prohibitions would cost us a good deal of exchange, while the benefits to the United Kingdom would be only incidental. However, we would be prepared to give serious consideration to any specific suggestions for relief where it is administratively feasible.

7. I think it would be useful if you would explain these matters to the Chancellor in preparation for Mr. Howe's visit. Naturally, we will be interested in the Chancellor's initial reactions.

610.

DEA/10364-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 709

London, April 2nd, 1949

CONFIDENTIAL

Reference your telegram No. 616 of March 31st concerning my earlier conversation with Sir Stafford Cripps regarding Anglo Canadian trade relations. As you will appreciate, this is a particularly difficult time for the Chancellor and the senior officials of the Treasury since they are all deeply absorbed in preparation for the debate on the budget and economic survey, which opens on Wednesday. In these circumstances I am sure you will agree that it is scarcely feasible for me to have a talk with the Chancellor on the various points raised by your message before my departure for Annecy on Thursday. I have, however, already seen Sir Henry Wilson Smith and have left with him an informal memorandum incorporating the substance of your telegram and I am to have a further discussion with him after he has had an opportunity to consult the Chancellor and other interested officials on the matters dealt with in your message. In the meantime I am reporting below the principal points which emerged from my conversation with Wilson Smith this morning.

2. Concerning your general suggestion that advantage might be taken of Mr. Howe's visit to the United Kingdom early in May to have a thorough discussion of these matters with the United Kingdom Government, Wilson Smith indicated that Cripps was being urged by his colleagues and senior advisors to secure a rest which he very badly needs and that the only time during which he might be able to leave London for such a rest appears to be around the first of May. Wilson Smith said (as I have heard from other quarters and as I have observed myself) that the Chancellor is showing signs of the strain under which he has been working for the past several years and that he is by no means as fit a man as he was last autumn. During the next month or so he will have his own responsibilities in connection with the budget and economic survey. He will also be carrying heavy responsibilities within the Cabinet (including a large part of the work on the United Kingdom side concerning the Prime Ministers' meetings in late April). He will be carrying the new burdens resulting from the formation of the Ministerial Committee in OEEC, and he will have to make most of the case for his economic policies at meeting of the various organs of the Labour Party. His programme for the rest of the year is equally tight. Wilson Smith observed that the Chancellor was so public spirited that if he were pressed to remain in London for discussions early in May he would probably feel bound to do so but that his colleagues regarded him as so valuable that they would probably feel equally bound to insist that he take some relaxation at the only time in the year when he is likely to have a chance. The present confidential plan is that Cripps should leave London on April 28th for Italy, where he would have several days of negotiation with the Italian Government, after which he would

rest in Italy until May 17th. Wilson Smith recognized that discussions with other Ministers would hardly be satisfactory for Mr. Howe's purpose in view of the decisive role of the Chancellor in connection with financial (and consequently trade) matters. It occurred to Wilson Smith that if Mr. Howe would in any event be coming to the United Kingdom in early May talks could possibly be carried to a fairly advanced stage with other Ministers at that time (and might even be followed by more detailed discussions at an early meeting of the Continuing Committee) after which the necessary decisions could be taken when the Chancellor was available. Wilson Smith made it clear that his remarks were intended solely to give me background concerning the ability of the United Kingdom to negotiate in May and were not intended to prejudge the views of the Chancellor on how or when these questions might be handled. As I indicated above, Wilson Smith will be talking with me as soon as he has discussed the matter with the Chancellor. In the meantime, I am reporting this conversation in order that you may have this early notice of the real timetable difficulties on the United Kingdom side.

3. Concerning the specific points raised by your telegram the following is a summary of Wilson Smith's preliminary and tentative comments:

(a) It is true that the difficulty anticipated in using up the ECA allocation before June 30th may give the United Kingdom some latitude on purchases from Canada. However, this latitude is limited by the fact that most of the items of which we desire to dispose are also available from, and even "surplus" in the United States. Accordingly any purchases of those particular items from Canada, even if permitted, would probably be regarded in the United States as involving discrimination against them. Mr. Wilson Smith noted that the United Kingdom was being pressed increasingly by the United States to accept United States surplus or "sensitive commodities". In this atmosphere it was doubtful that much could be done in the way of additional purchases from Canada although the United Kingdom had been exploring the position and hoped to be able shortly to indicate the possibilities.

(b) There are already indications that Newfoundland may call in the interest-free loan made to the United Kingdom. While obviously the United Kingdom still hoped that something might be done on the Canadian side, Wilson Smith felt that the suggestion concerning the possible payment of interest by the United Kingdom (in order to avoid capital repayment) was worth considering.

(c) Regarding the Anglo-Saxon oil transaction, Wilson Smith was not inclined to agree with your view that the proposed oil development by Shell in Canada would proceed in any case. He explained that although Shell was owned jointly by United Kingdom and Dutch interests (with the United Kingdom controlling only 40 per cent) the arrangement is that for the next several years the United Kingdom alone will be responsible for any necessary dollar expenditures by Shell. The intention of the United Kingdom had been that the dollar loan secured by Shell in the United States together with certain capital reorganization within the Shell group (including the reorganization in your telegram) would yield enough dollars to permit of new development and of necessary current expenditures without too heavy a dollar burden on the United Kingdom. If some of the reorganization plans failed to yield the expected dollars, the Shell group would probably have to curtail certain

new dollar expenditures (such as that involved in the expected developments in Canada) in view of the limitations on the availability of dollars for that purpose from the United Kingdom.

(d) Concerning shipping, Wilson Smith felt that the Canadian position had improved substantially. In particular he stated that, according to his information, some 85,000 tons of Canadian tramp shipping had been offered to the United Kingdom during March and April and that the British Ministry of Transport had taken up, or was about to take up, the offer. According to his calculations that would mean that Canadian shipping for those months represented about three quarters of the total hard currency tonnage employed by the United Kingdom. He noted, moreover, that arrangements had been made or were being made, whereby Belgian shipping would no longer have to come within the ceiling established for United Kingdom hard currency shipping with the result that Belgium at least would not then be competing with Canada for United Kingdom hard currency shipping expenditures. I indicated that I thought our concern was probably more with the future prospect than with the present position. Wilson Smith agreed that the future was complicated by the expected United States legislation on shipping costs financed by the United States Government and felt that it would be desirable to examine the possibilities for the future when the other matters mentioned in your message are being discussed.

(e) Wilson Smith made no comments on the prohibition of imports mentioned in the latter part of your message.

611.

DEA/50002-40

*Note du chef, direction de l'économie
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic Division
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], April 23, 1949

TRADE WITH RUSSIA AND EASTERN EUROPE

Last December there was a lot of criticism in the Canadian press about the trade arrangements that the United Kingdom was making with Russia and Eastern Europe. Mr. Pearson wrote a letter to Sir Alexander Clutterbuck inviting an explanation.⁴¹

Sir Alexander has now replied. His letter of April 11th and his two accompanying memoranda are attached.†

These two memoranda have been reviewed in the Sub-Committee on External Trade Policy. Members of the Sub-Committee have agreed:

(a) That the memorandum on "United Kingdom Trade Discussions with the U.S.S.R." is astonishingly unconvincing. It would almost appear as if the United

⁴¹ Volume 14, document 696. Clutterbuck avait envoyé une réponse intérimaire le 14 janvier.†
Volume 14, Document 696. Clutterbuck had sent an interim reply on January 14.†

Kingdom had not really tried to make a case. The memorandum is based on the *assumption* that the United Kingdom could not earn any more dollars by diverting exports from Russia to North America—and, of course, this is the very point that the memorandum ought to have *proved* (if possible). There are many other technical flaws in the memorandum.

(b) That the memorandum on “Considerations Affecting Economic Policy Towards Eastern Europe” is a far better piece of work. Its form shows that it was not originally intended for transmission to Canada—it was probably an internal document in the Foreign Office. It emphasizes the danger from a strategic point of view that the United Kingdom may become too dependent on Eastern European trade. In other words its main economic implication runs precisely counter to that of the preceding memorandum.

(c) That it is desirable to send back a reply to the United Kingdom. This would at least serve to keep the record straight as far as Canada was concerned. In addition it might help to persuade some of the United Kingdom officials towards our point of view—although members of our Sub-Committee are not too sanguine on this point.⁴²

(d) That two members of the Sub-Committee should be asked to prepare a reply. This will go before the Sub-Committee and later before the Inter-departmental Committee.

A.F.W. P[LUMPTRE]

612.

PCO/Vol. 105

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 912

London, April 29, 1949

SECRET

Mr. Howe's trade talks with United Kingdom Ministers. Mr. Howe met for about an hour yesterday afternoon with the Chancellor of the Exchequer. The Chancellor gave Mr. Howe a memorandum on the external financial position of the United Kingdom, of which I am sending you copies by tomorrow's bag under despatch No. 879. The general picture given by the Chancellor was not, of course, a particularly encouraging one from the point of view of future Canadian trade. On specific “sensitive” commodities the Chancellor indicated that the United Kingdom would be prepared to take an amount of Canadian canned salmon and that something might be done in timber, although to make possible the use of ECA funds for tim-

⁴² Note marginale:/Marginal note:

I quite agree we sh[ou]ld answer & as soon as possible [A.D.P. Heeny]

ber purchases the United Kingdom procurement from North America would probably have to be divided between Canada and the United States.

2. This morning Mr. Howe, Mr. Pearson and I, together with other Canadian officials, met with a group of the United Kingdom Ministers principally concerned together with their advisers; Mr. Noel-Baker the Secretary of State for Commonwealth Relations, was Chairman of the meeting, in which other ministerial participants were Mr. Wilson, President of the Board of Trade, Mr. [John] Strachey, the Minister of Food and Wilson Smith from the Treasury (representing the Chancellor who had left London). This morning's discussion was of a very general character, intended primarily to sort out the points to be discussed later by Mr. Howe with individual Ministers. Of the subjects raised this morning the following may be of particular interest.

(a) Wilson Smith anticipates that there will be a carry-over of something like 100 million dollars of ECA funds in respect of the United Kingdom programme from 1948/49 to 1949/50, of which the greater part will represent amounts already committed by the United Kingdom in some degree but against which goods will not have been shipped by June 30th or for which reimbursement will not have been received by the United Kingdom from ECA by that date. He intimated that some part of the "unspent" ECA dollars for 1948/49 would be absorbed in advance [by] purchases from the United States of America of commodities in the 1949/50 programme.

(b) Strachey was surprised to learn that Canadian officials expected the short-fall in bacon shipment during 1949 to amount to only \$22 million. He intimated that United Kingdom officials had been anticipating a short-fall of as much as \$38 million. It was not apparent from this morning's discussion to what extent any reduction in the estimated short-fall in bacon shipments would affect the willingness or ability of the United Kingdom to finance the purchase of canned salmon and other sensitive commodities from Canada.

(c) Of the miscellaneous food stuffs which might be procured from Canada, Strachey stated that, next to salmon (with which the Chancellor had dealt earlier as indicated above), apples would be the commodity most attractive to the Ministry of Food. The Ministerial Group was not prepared to say, however, without further investigation, that apples would necessarily be bought and Strachey himself indicated that they were of a much lower priority than salmon.

(d) Although most of the information in the remarks by the President of the Board of Trade concerning measures being taken to stimulate exports to Canada was already known from his speech in the House of Commons last week, he gave the impression more clearly this morning than in the House of Commons that the exports credit guarantee department was prepared to discriminate quite definitely in favour of transactions involving exports to hard currency markets. He pointed out that under the new Export Credit Guarantee Act the Department would be less subject to the supervision of the Advisory Committee in using its discretion in favour of hard currency transactions, even the more risky types. He mentioned also the recent establishment of joint machinery between Government and industry under Sir Graham Cunningham, associated with Sir Clive Baillieu, for prompting exports

to dollar markets, and stated that on Monday he would announce the establishment of a Committee by financial houses in the city (in cooperation with the Governor of the Bank of England) under the Chairmanship of Sir Charles Hambro to assist with financial problems involved in the promotion of such exports.

(e) Mr. Wilson also enquired concerning the possibility of larger participation by the United Kingdom suppliers in the equipment of defence projects in Canada. On this point Mr. Howe suggested that he and Mr. Claxton might discuss this subject with Mr. Wilson during the latter's forthcoming visit to Ottawa.

(f) In view of Canadian criticism of trade agreements which the United Kingdom had made with countries in Eastern Europe, Mr. Wilson and Mr. Strachey mentioned that the agreement with the U.S.S.R. which has been under discussion for many months is now likely to be concluded in the near future. The Russians have recently shown signs of increased willingness and even anxiety to complete the negotiations. Mr. Wilson stated that the Russians were asking for no commodities from the United Kingdom in which Canada would appear to have an interest (with the possible exception of a small order for 15,000 tons of thin steel rails) and were apparently primarily desirous of securing commodities from the outer sterling area, such as rubber and wool. The principal United Kingdom imports of interest to Canada are likely to be grain, timber and canned salmon. On grain the Russians are pressing the United Kingdom to accept wheat as well as feeding stuffs (in a 50:50 ratio). Although the United Kingdom would not mind having some part of the wheat, they are primarily interested in acquiring the feeding stuffs, and particularly out of regard to the Canadian attitude the United Kingdom will endeavour to resist Russian pressure to accept wheat (although both Strachey and Wilson intimated that to get the necessary feeding stuffs they might eventually have to accept a token quantity of wheat, possibly of the order of 100,000 to 150,000 tons. On timber the quantities involved are said to be small and to consist partly of hard woods. On canned fish the United Kingdom may take something like £1 million worth (of which the greater part would consist of canned crab), which they felt should not be too objectionable from the Canadian point of view if the United Kingdom undertakes the purchase of canned salmon from Canada as mentioned by the Chancellor. In connection with these fish purchases from the U.S.S.R., the United Kingdom will probably have to supply some tinsplate, but they felt this action would not be criticized by Canada since Canadian importers appear unwilling to buy United Kingdom tinsplate at present prices. Moreover, United Kingdom suppliers of tinsplate are not much attracted by the Canadian market in view of the fact that domestic tinsplate production is being expanded in Canada. Both Wilson and Strachey emphasized that any canned salmon which they might take from Russia would have to be priced as low or lower than Canadian canned salmon.

3. Mr. Howe is seeing Mr. Strachey this afternoon and will be meeting with Mr. Wilson Monday.

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DEA/10364-40

Note du Trésor, Royaume-Uni
Memorandum by the United Kingdom Treasury

[London, April, 1949]

EXTERNAL FINANCIAL POSITION OF THE U.K.
MEMORANDUM FOR MR. HOWE⁴³

1. The facts concerning the external position of the U.K. are starkly clear. Continued austerity and increased production have secured for the United Kingdom, at any rate for the moment, an overall balance on her international account in spite of the drastic consequences of six years of war. But this overall balance conceals a major disequilibrium. While the United Kingdom is actually in surplus with most of the rest of the world, the deficit of the U.K. with North America remains very large. This deficit is being covered thanks to assistance from the United States and from Canada. But we cannot forever continue receiving this assistance, and are hoping by 1952 to achieve a position in which we are once again standing on our own feet. Our efforts are primarily aimed at increasing our exports to North America, but we must regulate our imports from North America to what we can currently afford.

The war made us dependent abnormally on North America, on the basis of the free gift of supplies or virtually unlimited loans, and we now have to readjust that dependence on the basis of the altered economic facts. This we have done much more rapidly in the case of the United States than in the case of Canada where we have done our best to ease off the difficulties of readjustment. We are in fact proportionately buying more from Canada than before the war, while selling less to her. This process of readjustment is most unpleasant for us both, since it involves sharp restrictions on our consumption, and reduction of the Canadian markets in some important foodstuffs.

2. In so far as we can increase the trade with the non-dollar world we find very largely that increased purchases by us mean increased sales by us. This is not so in the case of our relations with North America. Increased purchases from Canada bring an increased demand on us for U.S. dollars since Canada cannot hold or use sterling, whereas increased purchases from most non-dollar countries are in terms of sterling with which these countries make increased purchases in return from the U.K. or are prepared to hold against future spending. The readjustments we have had to make have disagreeable consequences for both of our countries. Canada, like the U.K., has been benefitting to a considerable degree from American dollar assistance, though in the Canadian case the assistance has been in the form of the provision of an acceptable currency for "offshore purchases" under E.R.P. We are committed to the United States, which is currently meeting the larger part of our Western Hemisphere deficit, to secure "viability" by the end of the Marshall Period.

⁴³ Remise à C.D. Howe par sir Stafford Cripps le 28 avril 1949.
Given to C.D. Howe by Sir Stafford Cripps on April 28, 1949.

This we can only do by adjustment of our trade with North America. It is against this background that the problem of Anglo-Canadian economic relations must be viewed.

The U.K. Post-War Problem

3. The United Kingdom set itself a three-fold task of readjustment after the war:

(a) the economic resources of the nation had to be redeployed so as to increase output and the efficiency of production to make up for the loss of sources of income destroyed by the war and for the dismantling of the export trade in the interests of the war effort;

(b) steps had to be taken to correct the very large disparity in trade with the Western Hemisphere arising from the war—a problem not only for the U.K. but for the whole of the non-dollar world;

(c) a pattern of trade had to be developed with the rest of the non-dollar world by which the U.K. might eventually regain the traditional advantages of trade conducted on a multilateral basis.

4. There was no short cut by which these ends could be achieved[;] there could be no question of a country in the position of the U.K. abandoning the war-time controls after the initial impact of demobilisation and taking steps to allow fluctuating prices and exchange rates to give a new direction to production and trade under the force of competition and where necessary the threat of unemployment. An effort had to be made to arrive at a new economic equilibrium without permitting price and exchange fluctuations to break up the social fabric, by adhering to a system of rationing and controls, coupled with high taxation and the planning of investment.

5. In the pursuit of these ends by the use of these methods certain external limiting factors have had to be accepted which largely condition the degree of success so far achieved:

(a) in the first place, the amount of external assistance, substantial though it has been, by way of loans or gifts from friendly nations disposing of greater economic resources immediately after the war, and also the length of time during which that assistance was to be made available, imposed very narrow limits upon the U.K. in planning the redeployment of her resources;

(b) secondly, the U.K., as a focal point of the whole sterling system, was bound to accept responsibilities in relation to the external financial difficulties in which other members of the area found themselves at the end of the war, largely for the same reasons as the U.K. This has meant that the difficulties experienced by countries such as India and Burma in recovering from the effects of the war upon their industry and foreign trade were necessarily reflected in the U.K. in so far as these countries hold their foreign exchange reserves in London, and contribute to or draw from the central reserve as a common pool;

(c) finally, the rate of economic recovery in other parts of the non-dollar world, and more especially in Western Europe and South-East Asia, has necessarily conditioned the extent to which the U.K. could hope to return to a stable multilateral system of trade.

6. In accepting the U.S. and Canadian loan agreements in 1945 and 1946 the U.K. took the risk that the drain on its resources resulting from the second and third of these factors might prove greater than was compatible with the amount of assistance received. The risk proved in the event to have been only too real. The rest of the world needed such enormous supplies from Canada and the United States that it was rapidly drained dry of dollars. The premature experiment in convertibility in 1947 failed because as had been foreseen by many people it was an attempt to bring about the end result before any of the necessary conditions for it had been realised.

7. This experience has demonstrated once again that it is useless to attempt convertibility until the basic condition has been securely established or until there is a firm prospect of its immediate establishment, viz., that world recovery has proceeded to a point at which there is a "natural" equilibrium between the dollar world and the non-dollar world—i.e. that the normal trade pattern does provide a balance without artificial measures having to be taken to secure one. This cannot happen until—

(a) the production in the rest of the world has developed to a point at which the world's dependence upon supplies from the dollar area has been greatly reduced;

(b) the non-dollar countries have been able to adjust their economies to build up exports to the dollar area—and the dollar area countries have adjusted their economies to take more imports.

8. To attempt convertibility before this condition is satisfied would only mean a repetition of the experiences of 1947. The main trading countries—particularly U.S., U.K., Canada and the rest of the Commonwealth—must be in reasonable balance before their currencies can become freely convertible. The need in the meantime is for *stability* and slow and steady progress toward equilibrium.

Anglo-Canadian Trade Relations

9. The apparent conflict of interests between the U.K. and Canada has led to some criticism of U.K. policy in Canada, where it has been asserted that, in view of all the help which Canada has given during and after the war, the U.K. shows a lack of gratitude in refusing to buy things from Canada and in getting them instead from foreign countries—and even in some cases from countries behind the Iron Curtain. No-one, I think, doubts that we are whole-heartedly appreciative of the extent of Canadian assistance during and since the war. But we are already buying all that we can afford from our own dollar earnings, and all that we can persuade the Americans to allow us to buy in Canada with the dollars with which they provide us under E.R.P. Anything further we spend must come out of our Gold Reserves which we cannot afford to diminish further. When we buy foodstuffs from Eastern Europe we do so in the knowledge that we shall not have to pay with United States dollars, or from our Gold Reserves. Even if a quantity of steel or some other equipment which might be used to earn dollars has to be exported to such countries, it is only a small—though essential—part of the bargain. In fact these small quantities of scarce materials enable us to buy with other goods which would not be exportable to the dollar area many times their value of foodstuffs and raw materials that we

need. Every care, it may be added, is taken to ensure that particular agreements into which we may enter do not materially impair our capacity to export to Canada.

10. Apart from the difficulties caused by the cessation of particular purchases, there is we know a growing Canadian feeling that our whole policy is building up a high cost economy in the non-dollar world and is setting in motion forces which will limit severely, if not prohibit altogether, the possibility of any return to genuinely multilateral trade. While these misgivings are fully understood, they appear to us (a) to exaggerate the nature and long-term implications of the current situation; (b) to under-estimate the growing spread of resources in the non-dollar world and therefore the potential adjustment between supply and demand, with consequent effect on prices, in those parts of the world; and (c) to overlook the fundamental fact that 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.

11. From the Canadian point of view this situation means, of course, that the number of U.S. dollars which Canadian exports can earn in the rest of the world will be limited. On the other hand, it must be remembered that, so far as the U.K. is concerned, Canada's surplus on current account is a relatively recent development. Before 1934 there was on the average no surplus of any size, and indeed in some years a substantial deficit. Immediately before the war Canada's surplus with the U.K. reached a high point in 1939 of \$137 million. In contrast to this in 1946 the surplus was \$500 million, in 1947 \$633 million and in 1948 \$488 million. A surplus of this magnitude obviously cannot continue to be financed either by gifts or loans.

12. The attack on this economic problem has been two-fold. Firstly, on the exports side, every effort has been made over the last 12 months to impress on U.K. industry the paramount importance of increasing our direct exports to Canada. This has met with considerable success and as a result exports from the U.K. to Canada have risen very sharply—in 1947 they averaged £3.6 million a month, and in 1948 this was up to £5.8 million a month and this increase will, it is to be hoped, go further. March 1949 has been a particularly good month. This policy is now being intensified by every means of incentive and assistance which the Government can properly and effectively apply as part of the renewed concentration on the North American market. The full success of this policy will of course require the co-operation both of the Canadian Government and of the Canadian importers. Secondly, while imports from Canada have had to be reduced, they are still substantially above the pre-war level and will have to be tapered further as contemplated in the U.K. long-term plan. Even so, we are still assuming a high level of imports from Canada (high that is by any standard except the artificial war-time one) and a sizeable deficit which can only be managed if we succeed in securing a corresponding surplus from other dollar countries. While we shall continue to make plans on this assumption, we are being increasingly subjected to pressure from the Americans to buy less from Canada and more from the U.S.A. on the grounds that U.S. supplies are cheaper, and it is becoming more and more difficult to get E.C.A. to agree to off-shore purchases in Canada.

13. We are all anxious to get back to a world of convertibility, a world in which the channels of trade have been readjusted in such a way as to make free convertibility possible. But by whatever way such a world is arrived at it will clearly be impossible for Canada to run surpluses of the present dimensions with the rest of the world for the purpose of meeting a U.S. dollar deficit. The rest of the world is impoverished, and this means that it will on the whole be able to afford to buy less and not more from North America than before the war.

14. The basic contention of the U.K., therefore, is that whatever the method adopted the result of the war is that an adjustment has to be made in Anglo-Canadian trade which is most unpleasant to both the exporting and importing country. The U.K. Government earnestly hope that the Canadian Government will do all they can to prevent their public opinion from forming an impression that what is in reality an inescapable economic choice for the non-dollar world (and the U.K. 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 U.K. Government are convinced that their policy is realistic and not doctrinaire. They are deeply grateful for the many instances of Canadian help which have been shown to this country and realise to the full how many difficulties the present situation must be causing in the Canadian economy. It is with reluctance that they have been forced to embark on their current economic policy, but with the best will in the world they can see no alternative, short of denying to their own people many supplies of food and raw materials available in the non-dollar world, for which they are able to pay by the raw materials or the manufactured goods that they can exchange for them.

614.

DEA/10364-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 932

London, May 3, 1949

SECRET

My telegram No. 912 of April 29th, regarding Mr. Howe's trade talks with United Kingdom Ministers:

1. Mr. Howe had a long talk with Mr. Strachey, Minister of Food, on April 29th, and a talk with Mr. Harold Wilson, President of the Board of Trade, yesterday afternoon, May 2nd. These two talks were both still part of the exploratory state, but as a result it is now possible to give some indication of what we may expect to result from Mr. Howe's mission to London.

2. As regards timber, the United Kingdom Government proposes to authorize the Timber Control to place immediately an order for west coast woods to the amount of ten million dollars, which is to be competed for freely by exporters both in Canada and the United States, price being the determining factor as to who gets the

order. It has now been confirmed that this immediate order is to be in addition to the arrangements for additional quantities to be contracted for by the Timber Control during the remainder of this year. The Timber Controller indicates that he has in mind additional orders for between 90,000 and 120,000 standards, but still awaits Treasury authorization. It has not yet been decided as to whether these additional quantities should be divided between Canada and the United States or left for free competition as in the case of the immediate order. Much will depend on how the immediate order works out, and the Treasury will also wish to have more experience of the financing of wheat purchases with earned dollars. The immediate order for timber is to be financed with ECA dollars, and ECA approval in principle already has been obtained.⁴⁴

3. As regards canned salmon, the amount mentioned has been \$7,200,000, purchase to be made from 1949 production. This also it is hoped to finance with ECA dollars.

4. As regards apples, Strachey indicated that only a token amount could be allocated for the importation of apples, both from Canada and the United States.

5. Strachey held out little or no hope for purchases of other commodities mentioned by Mr. Howe, such as processed milks, beans, peas, berries, tomatoes and honey, although he expressed his interest in additional quantities of cheese.

6. The discussion so far has been on the basis of utilizing the shortfall of bacon shipments to cover the purchases of the additional quantity of timber, canned salmon, and apples, but Sir Henry Wilson Smith told Mr. Mackenzie that before the latter left London he would like to discuss with him the proposal regarding the financing of Shell Oil operations. It is possible that the United Kingdom Government has in mind our concurrence in the Shell Oil proposal as part of the general settlement, although no statement to this effect has been made.

7. The exploratory conversations with individual Ministers will continue, after which it is expected that a full meeting, attended by all the United Kingdom Ministers concerned, similar to the meeting held on the morning of April 29th, will be arranged to bring matters to a finality.

⁴⁴ Cet engagement provisoire devint plus tard un sujet de controverse entre Howe et Wilson. Voir DEA/824-40 pour les échanges plus tard au cours de l'année.

This tentative commitment later became a point of dispute between Howe and Wilson. See DEA/824-40 for exchanges later in the year.

615.

DEA/10364-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 968

London, May 7, 1949

SECRET

Mr. Howe's trade talks with United Kingdom Ministers:

1. The Prime Minister will have received in telegram No. 965 the text of the statement which Mr. Howe proposes to release after his return to Ottawa.† As a supplement to that message and to my telegram No. 912 of April 29 and No. 932 of May 3rd, I am reporting below some additional background information on the talks.

2. I should emphasize particularly the cordial nature of all the conversations. On the United Kingdom side as well as on our own I think it is felt that these talks have dealt successfully with a number of troublesome questions affecting relations between Canada and the United Kingdom. The United Kingdom Ministers concerned were most appreciative of the Canadian attitude in the discussions, even though there was necessarily some hard bargaining. They felt also that Mr. Howe's public addresses, both in London and in Birmingham, were extremely helpful and would assist in stimulating interest in the United Kingdom export drive to dollar markets. Although the basic difficulties in economic relations between the United Kingdom and Canada may remain, the activities of Mr. Howe and Mr. Mackenzie have undoubtedly removed a number of the significant irritants, and have contributed to an improvement in the atmosphere surrounding commercial relations between the two countries.

3. Regarding the items which the United Kingdom now plan to purchase from Canada as a result of these talks, the following points may be of interest:

Canned Salmon

The amount which the United Kingdom are prepared to take to the end of 1949 is \$7,200,000 as stated in paragraph 3 of my telegram No. 932. The quantity mentioned in Mr. Howe's proposed press release represents the conversion of this figure into cases.

Timber

There is nothing to add to the information given in paragraph 2 of my telegram No. 932.

Apples

The United Kingdom are prepared to finance purchases amounting to \$1,500,000. This represents a substantial increase on the \$500,000 which Cripps had approved tentatively for such purchases before his departure from London. Although the salmon and timber are expected to be financed with E.C.A. dollars,

the present intention of the United Kingdom is to finance the apple purchases with non-E.C.A. dollars.

Flour

The quantity of flour (400,000 tons) which the United Kingdom have undertaken to buy is substantially higher than they would have wished in view of the offers which they have had from Australia.

Fruit Pulp

(i.e. SO2 berries)

The United Kingdom are prepared to pay \$100,000 (out of non-E.C.A. funds) for the quantity of this item held by the Canadian Government.

4. On the Canadian side Mr. Howe agreed that arrangements would be made promptly to make possible the Shell Oil transactions referred to in paragraph 4 of your telegram No. 616. Mr. Howe also undertook to see what could be done about the import prohibitions affecting certain United Kingdom products mentioned in paragraph 6 of your telegram No. 616.

5. The United Kingdom side also took advantage of the opportunity afforded by these conversations to mention certain expected developments which they thought might lead to some misunderstanding if the Canadian authorities were not informed in advance. In particular, information was given concerning the revised United Kingdom forecast of wheat imports from Canada in 1952-53 and concerning the possible negotiation of a long-term contract with the Netherlands. In addition, Wilson Smith informed Mr. Mackenzie of the expected level of gold and dollar reserves at June 30, 1949, and of the latest United Kingdom balance of payments forecast for 1949-50. I shall not report on these matters in this message as Mr. Mackenzie has the information with him and will doubtless be informing you in detail of these aspects of the talks on his return.

6. The question of the treatment of the Newfoundland loan (paragraph 3 of your telegram No. 616) was not discussed at any length. Wilson Smith mentioned that the United Kingdom Treasury were still "unhappy" that an arrangement had been made which provided an incentive for Newfoundland to call on the United Kingdom for early repayment of the loan. Mr. Mackenzie repeated that the Canadian authorities were still unable to justify a transaction such as Wilson Smith had proposed earlier. Wilson Smith did not press the matter.

616.

DEA/50092-G-40

*Extrait du procès-verbal de la réunion du
Comité interministériel sur la politique du commerce à l'étranger*
*Extract from Minutes of Meeting of Interdepartmental Committee
on External Trade Policy*

SECRET

[Ottawa], May 27, 1949

...

1. ERP; DISCUSSIONS WITH U.K. OFFICIALS IN WASHINGTON

1. *The Chairman* said that the principal subject for consideration by the meeting was the report by Messrs. Deutsch, Plumptre and Beaupre on discussions which they had had with Sir Sidney Caine and other U.K. officials in Washington on May 23 and May 25.

Copies of the report were circulated. (ICETP Document No. 52).⁴⁵

The U.K. officials had indicated that the original net gold and dollar deficit of the U.K. for 1949-50 had been set at \$940 million. The latest estimate, however, set the deficit at a little over \$1100 million, which meant that the deficit position was worsening at a time when prospects of obtaining the full \$940 million ERP assistance were not bright.

A summary of the U.K. estimate of the sterling area's balance of payments with Canada for 1949-50 indicated an anticipated total sterling area deficit on current account of \$379 million. With adjustment for a credit of \$120 million less \$14 million of payments to Canada on capital account, the net sterling area deficit amounted to \$271 million. The present London programme called for \$680.6 million of imports from Canada, \$287.5 million of which would be eligible for ERP financing. U.K. officials in Washington, however, thought that a more realistic view would require a reduction of \$43 million in the anticipated imports from Canada, bringing the total to \$637 million. Of these \$181.4 million would be eligible for financing by ERP.

The U.K. programme provides for the continued purchase of Canadian bacon, cheese and eggs during the next fiscal year at approximately the same rate as during the present fiscal year, although contracts for the commodities expire on December 31, 1949.

So far as ECA off-shore financing is concerned the view of U.K. officials in Washington was that agricultural commodities would all be out by the fourth quarter; that forest products, including wood pulp, would be difficult; and that some non-ferrous metals would be troublesome, the extent of difficulty depending on the severity of the present U.S. recession.

2. *Mr. Deutsch* supplemented the report orally.

In general, the U.K. officials in Washington and also U.S. officials thought that the ERP position in 1949-50 would not be too difficult. However, for 1950-51 it was feared the situation might be different. There might be a severe cut in appropri-

⁴⁵ Voir/Sec: Document 548.

ations, very little off-shore purchasing and the programme might become dominated by a desire to dispose of U.S. surpluses. Thus far the policy officials in ECA had emphasized the competitive approach as the basis in placing orders. Their attitude with regard to the U.K. purchase of salmon in Canada had been in line with this. However, there were increasing signs that there would be pressure to ignore or modify the competitive basis in order to increase procurement from the U.S.

One argument that had been put forward was that advantage given to Canadians through the British Preferential Tariff should not be considered in so far as competitive costs were concerned. The U.K. had objected to this point of view, but it might be pressed further.

3. *The Committee*, after considerable discussion, noted the report of the delegation on discussions in Washington regarding ERP.

617.

PCO/Vol. 142

Note du secrétaire du Cabinet au Cabinet

Memorandum from Secretary to the Cabinet to Cabinet

TOP SECRET

[Ottawa], June 15, 1949

ENQUIRY FROM THE U.K. RE WAIVER OF ARTICLE 5 OF THE ANGLO-CANADIAN LOAN AGREEMENT CONCERNING TRADE DISCRIMINATION

1. A message has been received from the Secretary of State for Commonwealth Relations stating that the U.K. have been considering possible relaxation of restrictions on imports from soft currency countries. The relaxation would apply to OEEC countries (i.e.—recipients of Marshall plan aid) and also to other soft currency countries. It would *not* apply to Canada and other hard currency countries. Canada and the U.S. are particularly concerned with the proposal to extend the relaxation beyond OEEC countries because it would contravene the terms of the Anglo-American Financial Agreement and the Anglo-Canadian Loan Agreement. The U.K. are asking that the U.S. waive its rights to object. If the U.S. agree, the U.K. authorities hope Canada will do the same.

2. Article 9 of the U.S.-U.K. agreement of December 6, 1945, is as follows:

"If either the Government of the United States or the Government of the United Kingdom imposes or maintains quantitative import restrictions, such *restrictions shall be administered on a basis which does not discriminate* against imports from the other country in respect of any product; provided that this undertaking *shall not apply* in cases in which—

(b) there may be special necessity for the country imposing such restrictions to assist, by measures not involving a substantial departure from the general rule of non-discrimination, a *country whose economy has been disrupted by war*;"

Article 5 of the agreement of March 6th, 1946, between ourselves and the U.K. gives us the same rights against discriminatory treatment as the U.S. has.

Discrimination in favour of OEEC countries can be justified as being in favour of countries whose "economy has been disrupted by war". More favourable treatment to other countries than to the U.S. or to Canada is barred by the agreements.

3. While it is the extension beyond OEEC countries that raises the problem of the U.K. commitments to the U.S. and ourselves, the U.K. appear to regard such extension as essential. This was made clear by Sir Stafford Cripps in putting the proposal forward in Paris on June 3rd and 4th, in the Intra-European Payments negotiations. In view of these negotiations at Paris, where the U.K. proposal has been stated to hinge on the reaction of the U.S. and Canada, the question could become one of urgency and the U.K. are so representing it to us at the present time.

4. Such information as we have received thus far as to the probable U.S. reaction is not conclusive. Treasury officials have indicated that Article 9 of their agreement could not be waived without going to Congress, and that the latter would be most unlikely to approve. On the other hand, there is apparently a feeling in the State Department that the U.K. proposal is a move toward reduction of trade barriers and should be seriously considered. They seem to think, however, that the change might be limited to OEEC countries.

5. So far as the substance of the problem is concerned as it affects Canada, it would appear that we have no legal ground for objection to relaxations applying to countries whose economies have been disrupted by war which, broadly speaking, includes the OEEC countries. (Although it could be claimed that not all have "war shattered" economies). Moreover, it is probable that such discriminatory treatment in their favour as against ourselves would not alter the realities of the present trading position. It is the U.K. proposal to extend the relaxations on a discriminatory basis to the rest of the sterling area and other soft currency countries which is contrary to the agreements and which causes concern. It is not possible to know to what extent broader relaxations might injure our position but any agreement to waive rights we now have under Article 5 would be a concession in principle and for that reason important, whatever the material result might be.

6. The U.K. have been told informally that no reply could be given to their enquiry pending ministerial consideration. No reply is strictly necessary until the U.S. has answered. However, Cabinet might wish to consider what position should be taken to Canada and whether it would be desirable to give indication of it without waiting for the U.S. reaction.⁴⁶

N.A. ROBERTSON

⁴⁶ Le 16 juin 1949 le Cabinet reporta sa décision jusqu'à ce que la réponse des É.-U. soit connue.
On June 16, 1949 Cabinet deferred a decision until after the U.S. response became known.

618.

L.S.L./Vol. 234

*Le premier ministre du Royaume-Uni au premier ministre
Prime Minister of United Kingdom to Prime Minister*

TOP SECRET

[London], June 17, 1949

TOP SECRET AND PERSONAL MESSAGE DATED 17TH JUNE FOR MR. ST. LAURENT
FROM MR. ATTLEE

I must tell you of a serious development in our affairs. During the last few weeks the drain of our gold and dollar reserves has increased substantially. In the first quarter of this year the dollar deficit of the sterling area was about 25 million dollars a week, all of which was covered by E.R.P. aid. In the last six weeks it has been running at 50 million dollars a week, which is about double the amount of E.R.P. aid. The reserves are therefore falling fast and the figures which we shall have to publish in the first few days of July will reveal this very noticeable deterioration.

2. My colleagues and I are most disturbed by this development, which our advisors attribute primarily to the impact directly and indirectly of the trade recession in the United States.

3. We have no reason to believe that the situation is likely to right itself of its own accord and are therefore giving urgent consideration to the measures which are required to deal with it. As an interim step we in the United Kingdom have stopped all new commitments for dollar expenditure pending further consideration.

4. The Chancellor of the Exchequer will be telegraphing to your Finance Minister at the end of next week a personal and confidential appreciation outlining the situation and your interpretation of it, and I would be very grateful if you would bring the matter before your colleagues at the earliest possible moment.

5. This is a matter of most vital importance to the economic stability of the whole of the Commonwealth, and to the trade of the world, and I am most anxious that there should be a meeting of Commonwealth Finance Ministers in London at the beginning of July. I would suggest that we aim to begin not later than July 11th. I realize that the interval between now and then is all too short, but I am sure that we cannot afford any greater delay. We deliberately prefer a Commonwealth meeting, and not a sterling area meeting, because of the general reactions of current developments in the United States on the trade and prosperity of the Commonwealth, and because we regard it as essential that any solutions should be worked out in full cooperation with Canada.

6. The purpose of this meeting would be

(I) to consider in the light of this serious deterioration of our position what short term action can be taken to hold the position and

(II) to consider what additional and complementary measures each of us can take to prevent the development of the recession in the United States from setting up a general reaction which would lead to a reduction of world trade generally, and the impoverishment of all of us.

7. My colleagues and I are confident that we can find a way to ease the shock caused by the United States recession without unduly restricting the trade of the world provided that we act quickly and vigorously enough, and I would much appreciate your immediate reply to the suggestion in paragraph 5 of this message and also of course any comments on the situation.

8. I should be grateful if for the time being you would treat this message as top secret since if it became known that this meeting had been proposed it would undoubtedly give rise to renewed rumours of devaluation of sterling. If, as I hope, agreement on a meeting can be reached quickly, we will telegraph suggestions as to how and in what terms a preliminary announcement should be made.

9. I am sending a message in similar terms to the Prime Ministers of all Commonwealth countries.

10. You will I am sure appreciate the motives which have prompted the suggestion that we should approach this problem on a Commonwealth basis. There is no doubt that our discussions will be much more fruitful if Canada participates in them, and though I know that the date suggested will be particularly inconvenient to you in view of your General Election, I earnestly trust that you will be able to agree.

619.

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Le premier ministre au premier ministre du Royaume-Uni

Prime Minister to Prime Minister of United Kingdom

TOP SECRET

[Ottawa], June 19, 1949

TOP SECRET AND PERSONAL MESSAGE DATED JUNE 19TH FOR MR. ATTLEE FROM
MR. ST. LAURENT

I refer to your top secret and personal message to me of June 17th. In the absence of most of my colleagues, it is not possible for me to give any immediate indication of the views of the Canadian government regarding the proposals contained in your message. You will understand that with the election only a week away and with my colleagues scattered in all provinces of the country it is impossible to have the full consultation with the Cabinet which is necessary in an important matter of this kind.

My attention has also been drawn to the text of a suggested announcement to be made in your Parliament next Wednesday concerning proposed import relaxations by the United Kingdom. As you know certain of the proposals are of direct concern to the Canadian government. It is my understanding that it has not been definitely decided to proceed with this announcement and, in the circumstances which I have indicated, I would strongly urge that it be deferred.

In view of the urgent nature of your message I have arranged for Mr. Norman Robertson to proceed immediately to London by air. He will arrive there tomorrow evening, June 20th. Mr. Robertson will be in a position to represent the views of my colleague the Minister of Finance and my own, and to explain fully the various

considerations which appear to us to be so important from the Canadian standpoint, including the deferment of any announcements at this time.

620.

DEA/50013-40

*Le secrétaire d'État aux Affaires extérieures
au secrétaire d'État pour les relations du Commonwealth du Royaume-Uni*

*Secretary of State for External Affairs
to Secretary of State for Commonwealth Relations of United Kingdom*

TELEGRAM 33

Ottawa, June 19th, 1949

SECRET

I should like to refer to the message you gave to the High Commissioner in London dated May 27th respecting proposed relaxation of United Kingdom import restrictions and to the draft Parliamentary statement which I understand it is proposed to make on this subject on Wednesday next. In the unavoidable absence of the Prime Minister and most of his colleagues from Ottawa, it has been impossible, up to now, to submit any comments on United Kingdom proposals which, in their implications, are of great interest and concern to Canada.

There is much sympathy in Canada with your efforts to initiate the removal of quantitative import regulations on trade between O.E.E.C. countries, and a very general recognition that, under present conditions, you cannot risk any further loss of gold or dollars as a result of the removal or relaxation of United Kingdom import controls. In these circumstances, we would fully understand your deciding that you could and should exempt from quantitative restriction imports from O.E.E.C. countries with which you enjoy a favourable balance of trade. Nor would we find it difficult to accept the assimilation for this purpose of imports from dependent overseas territories to imports from O.E.E.C. countries to which you had granted drawing rights under the Intra-European Payments Agreement. We would, however, 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 formal legitimization, at this particular moment, of the de facto discriminations, which we have been accepting and explaining away as aspects of a difficult and prolonged transitional period, would raise questions which go to the root of Canada's external economic policies.

We have not, at this stage, thought it helpful to discuss the question of policy in terms of the formal commitments of Article 5 of the United Kingdom-Canada Loan Agreement. The policy implications of such a statement as the United Kingdom Government have in mind making on Wednesday next go deeper than this matter of legal limitation of freedom of action. We greatly hope, therefore, that the United Kingdom can see their way to separate the question of relaxing quantitative restrictions on imports from the O.E.E.C. countries and overseas territories from the

larger question of legitimizing all over the world import discriminations against Canada and the United States.

We would like to request most urgently that you defer any public announcement along the lines of your proposed Parliamentary statement until there has been an opportunity to consult with our full Cabinet. Ends.

621.

L.S.L./Vol. 234

Secrétaire adjoint au Cabinet au premier ministre
Assistant Secretary to the Cabinet to Prime Minister

TOP SECRET

Ottawa, June 24, 1949

RE: MR. N.A. ROBERTSON'S DISCUSSIONS IN LONDON

Attached are copies of telegrams Nos. 1288†, 1289† and 1296† which have been received from Mr. Robertson and Mr. Wilgress about the talks in London. Information has been received this morning that Mr. Robertson will arrive in Montreal tonight (June 24th). The substance of the telegrams is briefly as follows:

Proposed Commonwealth meeting

1. Mr. Robertson emphasized the desirability of having no publicity until the Canadian Cabinet has had a chance to consider the proposal. The U.K. agree and hope that no leakage will occur.
2. Our fears about U.S. reaction to a Commonwealth meeting to discuss the effects of the U.S. recession were expressed. Mr. Robertson suggested that a meeting of sterling area countries without Canada would be more appropriate.
3. The U.K. have indicated to U.S. authorities their concern over the balance of payments developments and the connection with the U.S. recession. They are now sending further details to Washington. Cripps stated that Douglas and Harriman had been told of the proposed Commonwealth meeting and "neither of them had expressed concern at the possible reaction in the U.S." Cripps is determined to keep the U.S. informed and do everything possible to retain U.S. cooperation.
4. Cripps argued strongly for Canadian participation in the Commonwealth talks, as a "restraining influence" on countries that might "pillory the U.S. and...urge reduction in dollar imports as the solution".
5. South Africa, Pakistan, India, Ceylon and Southern Rhodesia are agreeable to the meeting. No definite word has been had from New Zealand or Australia. Cripps is anxious to stick to the date of July 11th. The gold and dollar drain will be revealed in the quarterly statement of July 5th and it is desired to show action immediately.
6. Bevin has sent a message to the U.S. suggesting a joint U.S.-U.K. committee (with Canadian participation) to keep the situation under review.
7. Mr. Robertson has talked with Attlee, [Herbert] Morrison, Lord Addison, and Noel-Baker as well as with Cripps and Bevin. Also with the senior officials and with U.S. Ambassador Douglas.

Statement on relaxation of import controls

8. The O.E.E.C. announcement (originally planned for June 20th) will not be made before June 25th, although there have been serious leaks.

The statement to Parliament will be not before June 27th, and the words "which are at present under discussion with other governments concerned" will be deleted (telegram 1282, June 21).†

9. The U.S. have indicated to the U.K. regret at the need for the parliamentary announcement but have not objected to it. No commitment was given on the substance of the proposals. There is extreme reluctance to approach the Senate to waive Article 9. (Teletype from Washington, WA-1686, June 20).†

10. Mr. Robertson reviewed to the U.K. our view (as set forth in our reply of June 19) that the O.E.E.C. discrimination could be accepted but that further extension was another question. The U.K. are, however, strongly of the view that extension to sterling area Commonwealth countries is necessary. They do not think the lists of goods to be affected will be of much interest to other soft currency countries (i.e. non-O.E.E.C. and non-Commonwealth).

11. Mr. Robertson does not feel that our arguments against extension of the arrangement to sterling area Commonwealth countries made much impression.

Public reports of discussions

12. Mr. Robertson's presence in London first became public yesterday with a story in the London "Daily Telegraph", word of which reached Ottawa in the afternoon. The Telegraph story states that Mr. Robertson was in London to discuss the British economic crisis; that he had the complete confidence of the Canadian government but no power to make an agreement; and that he left word that Canada would do all it could to aid the United Kingdom.

13. In Canada, one line of speculation (arising from London) has connected Mr. Robertson's visit with the C.S.U. strike.⁴⁷ Another line has followed the Telegraph approach and also drawn in official U.S. statements on the British crisis.

⁴⁷ Cette grève internationale fut le résultat de la rupture des négociations entre les propriétaires de vaisseaux canadiens et le syndicat des marins canadiens, lequel rejeta à la fin une recommandation du conseil d'arbitrage du gouvernement. On avait rapporté une grève sur le tas de la part d'un équipage d'un vaisseau canadien à Cardiff, au début de janvier 1949. A la mi-avril elle s'était répandue aux vaisseaux amiraux dans d'autres ports. Le S.M.C. déclara la grève et les propriétaires parvinrent à une entente avec le syndicat rival: Seafarers' International. Les débardeurs et les dockers au Royaume-Uni et ailleurs refusèrent de s'occuper des vaisseaux canadiens. Bien que la situation s'était rétablie ailleurs, elle était néanmoins suffisamment sérieuse à Londres vers la fin de juin 1949 pour que l'intervention d'un haut fonctionnaire du gouvernement canadien serve d'explication crédible à la visite de Norman Robertson.

This international strike resulted from a breakdown in negotiations between Canadian shipowners and the Canadian Seamen's Union, which eventually rejected a recommendation of a government conciliation board. There had been reports of a sit-down strike by the crew of a Canadian ship in Cardiff in early January 1949. By mid-April it had spread to Canadian flag ships in other ports. The C.S.U. called a strike and the owners entered into an agreement with the rival Seafarers' International Union. Dockers and longshoremen in the United Kingdom and elsewhere refused to handle Canadian ships. Although the situation had eased elsewhere, it was still sufficiently serious in London by late June 1949 that intervention by a senior official of the Canadian government was a credible explanation for the visit of Norman Robertson.

14. No word of the proposal for a Commonwealth meeting has got out as yet.

R.G. ROBERTSON

622.

DEA/50010-40

*Le secrétaire d'État par intérim aux relations du Commonwealth du
Royaume-Uni au haut-commissaire pour le Royaume-Uni*

*Acting Secretary of State for Commonwealth Relations of United Kingdom
to High Commissioner of United Kingdom*

TOP SECRET

London, June 27, 1949

Top Secret and personal message to Minister of Finance from Chancellor of Exchequer as promised in paragraph 4 of Mr. Attlee's message to Prime Minister of 17th June.

The Dollar Situation

In Prime Minister's message of 17th June he promised that I would be sending you an appreciation with my views on present dollar emergency and my interpretation of it. What I want to do is to give you some more facts about position as we see it and various developments which have brought it about, and prospects for coming year as they now appear to us.

2. We had already brought to notice of members of sterling area statistical committee increase in dollar deficit which had taken place up to end May. We can now make some estimate of probable outcome over second quarter as a whole, and, also present a more detailed picture of recent course of events. This picture is by no means complete and whole story will not be available for some weeks. Nevertheless main lines of development are clear enough.

3. Gold and dollar deficit of whole sterling area in April was \$149 million. In May it increased to about dollars 230 million and in June it will probably fall not far short of \$250 million. Over whole quarter therefore it will amount to about \$630 million, or £156 million compared with \$332 million or £82 million, in first quarter. In other words deficit will almost have doubled in three months. At the May/June rate annual deficit has been running at \$2,900 million. Even allowing for all assistance under E.R.P. etc. that we can hope for, at this rate of loss all our reserves would be exhausted in less than a year.

4. Deterioration is not repeat not due to any significant increase in United Kingdom expenditure in the dollar area. Some increase in this was in fact expected over rate of purchases in first quarter for seasonal and other reasons but expenditure has actually fallen short of our expectations.

5. Worsening in position of United Kingdom as such is partly the result of a sharp fall in exports to the United States in April and May when they were little more than half the level of the closing months of 1948 and the first quarter of 1949. In addition sales of diamonds through United Kingdom which are an important element in our dollar receipts have been cut to a fraction of their previous volume.

From \$61 million in 1948 they fell to \$7 million in the first quarter of 1949 and to only \$1 million in April/May. Superimposed on this there have been losses which can either directly or indirectly be attributed to rumours about devaluation which have been sedulously propagated recently particularly in United States. American holders of sterling have converted large amounts into dollars in addition there has no doubt been a certain amount of holding off in repatriation of funds belonging to sterling area residents though at moment we have no direct evidence of this. We have however a good deal of evidence of hesitancy on part of our American customers in placing further orders.

6. Another very serious development is big reduction in dollar receipts from sales of Colonial produce. This has affected rubber and tin particularly and other commodities such as cocoa to lesser extent. United States Government agencies responsible for stockpiling have greatly reduced their purchases for one reason or another. As a result Colonial surplus, which played such a big part in improving sterling area's dollar position in 1948, disappeared completely in April/May. In first quarter 1949 it amounted to no less than dollars 65 million with United States alone.

7. Countries in rest of sterling area have also drawn more heavily on central reserves. We cannot at this moment give any detailed explanation of this though we know that in some cases dollar income from sales of raw materials to United States has been reduced both through a falling off in demand and through a decline in prices.

8. As a result of all these developments we estimate that total sterling area deficit with United States nearly doubled in April compared with monthly average in first quarter of the year (dollars 89 million compared with dollars 46 million) and nearly trebled in May.

9. There has up to now been no significant increase in sterling area's total deficit with Canada and Central American countries in dollar area. In fact United Kingdom exports to Canada have kept up extremely well. In May they amounted to over dollars 30 million not far short of record figure for March. We hope that it will be possible to maintain this state of affairs and to carry expansion still further.

10. As you will know we have been suffering increasing losses of gold and dollars to Switzerland and Belgium with continuous increase in total sterling area deficit with these countries. During this quarter we shall have paid gold and dollars to the value of dollars 62 million to them compared with only dollars 31 million in the first quarter even though we were able to exercise drawing rights on Belgium under intra-European payments agreement to extent of dollar 7½ million this quarter compared with nil, last quarter.

11. Taking situation as a whole therefore it can be summed up by saying that during last few months sterling area has felt first major impact of recession in business activity in United States which has resulted in sudden reduction in its dollar earnings. This has been exacerbated by consequences of exchange rate controversy and by increasing gravity of sterling area's balance of payments position with Switzerland and Belgium.

12. As result of these developments our gold and dollar reserves have been very heavily depleted since beginning of April. We have on several occasions laid it

down as a basic principle of policy that during period of E.R.P. central reserves of sterling area shall not be allowed to fall and that expenditure will be adjusted so that it can be met from dollar receipts to sterling area supplemented by E.R.P. and any other forms of assistance that are available to us.

13. On the 1st April 1948 which may be taken as beginning of E.R.P. our holdings of gold United States and Canadian dollars amounted to dollars 2,241 million. Owing to delays in setting machinery of E.R.P. into action and consequent delay in reimbursing to us expenditure which we had already incurred our reserves fell heavily during first six months of its life. There was a certain recovery between 1st October 1948 and 1st April 1949 by which time reserves had risen to dollars 1,912 million. Since then they have gone down rapidly and we estimate that by 1st July they will not exceed dollars 1,600 million. This means loss of over dollars 300 million or little short of £80 million during the present quarter.

14. There is still of course pipeline of E.R.P. financed commodities which we can expect to receive in course of time and there are still certain sums which we have spent but which have not yet been reimbursed to us by E.C.A. These however are not monies that are immediately available to strengthen reserves since a pipeline and a backlog of reimbursement must be expected to continue throughout whole period of E.R.P.

15. By beginning of second year of E.R.P. our reserves will therefore stand at less than £400 million with prospect of a continuous and rapid reduction unless steps can be taken to stop present drain.

16. In submitting our 1949/50 programme to O.E.E.C., (copies of which have been circulated to all Commonwealth Governments) we estimated that on certain given assumptions gold and dollar deficit of sterling area could be put at dollars 1,114 million. In this calculation we allowed for a further big increase in United Kingdom exports to dollar area and in receipts from various invisibles such as shipping tourism and earnings of British Oil Companies. So far as rest of sterling area is concerned we expected that Colonial surplus would not be lower than in 1948 in spite of reduction in prices of Colonial products. In absence of definite information our estimates for countries in independent sterling area were not made in detail but are based on such indications as were available to us about trends of expenditure and receipts. We assumed that India would be able to draw up to full extent of her quota from I.M.F. in 1949/50. We also allowed for heavy dollar payments to certain non-participants such as Persia and Curacao primarily in connection with our extremely important oil interests in those areas.

17. Despite these heavy payments we expected that on given assumptions total sterling area dollar deficit with all non-participants would amount to dollars 924 million i.e. a little less than the figure of dollars 940 million which had been our previous estimate of deficit and was our previous bid for aid in 1949/50.

18. But in addition to deficit with non-participants we were faced with prospect of continuing losses to other participants particularly Belgium and Switzerland which we could not put at less than dollars 190 million. Added to deficit with non-participants this gives a total of dollars 1,114 million with all countries.

19. Thus even before latest worsening in our position prospect for 1949/50 was serious since our prospective deficit far exceeded our original bid for aid. In addition all indications from Washington were that total amount of aid appropriated by Congress was likely to be cut. This made it unlikely that we should be successful in getting even as much as dollars 940 million.

20. Basic assumption underlying all our estimates, an assumption which was laid down for all participants by O.E.E.C. itself was that there would be a continuing high level of activity in United States. This assumption has obviously been falsified already. There can be no doubt now that United States is undergoing a period of declining economic activity whose scale and duration it is impossible to estimate. This recession has already struck a severe blow at dollar income of sterling area which is now faced with prospect that unless remedial action can be quickly taken its reserves might disappear entirely within a short time.

21. This situation necessitates a re-casting of all our calculations for 1949/50. In table attached to this telegram I show a comparison between details of sterling area dollar deficit in 1948 figures which we submitted recently to Paris, and a new set of figures for 1949/50 which makes allowance for probable reduction in income of various parts of the sterling area in its trade with dollar area over coming year. I need hardly emphasize how hazardous and uncertain any such estimates are at this stage. But on whole it is my opinion that if anything they still underestimate the extent of losses which we must expect.

22. In general we do not think that we can budget for a reduction in sterling area's income from exports to dollar area of much less than dollars 400 million or a fall of some 20 per cent compared with our previous ideas.

23. On invisible account it is even more difficult to make any reliable forecast. Some factors are likely to prove favourable because costs incurred by us in the dollar area may fall e.g. shipping expenses in United States ports and operating costs of oil companies; others such as our own shipping and travel receipts, income from sales of diamonds, interest and dividends; and a wide range of miscellaneous remittances are likely to become less favourable as United States recession develops.

24. You will see that we have allowed for a deterioration in this whole complex of items of only dollars 100 million. But this assumes that steps are speedily taken to restore confidence and that present losses of a quasi-capital nature from which we have suffered in past few months can be brought to an end. Here too I feel that if anything we may not have allowed enough for possible worsening in position which may take place.

25. We assumed previously that India might be able to draw up to dollars 100 million on IMF. American representatives on Fund have raised strong objections to drawings of this kind and we can no longer rely on them. This means further probable loss of dollars 100 million.

26. We have not assumed any savings on our gold and dollar payments to other participants. This whole subject involves problems of greatest complexity. So far as Switzerland is concerned there is little scope for economy since we are committed under our present trade agreement which runs to March 1950. Drastic action

against imports from Belgium might result in economies but would be incompatible with a renewed trade agreement with Belgium under which we should be permitted drawing rights as in 1948/1949 and might involve us in heavy temporary losses through conversion of Belgium's sterling balances into dollars. Nevertheless whole future of sterling area's trade relations with Belgium will require most careful reconsideration and I should hope that this will be one of important items for discussion at our forthcoming meeting.

26.(A) Assuming no reduction in value of sterling area imports from dollar area, changes outlined above face us with a deterioration in our dollar position of order of dollars 600 million compared with previous estimates for 1949/1950. And this, it must be emphasized is, on balance of probability, an underestimate.

27. It is impossible at this stage, even before total appropriation for 1949/1950 is known and before operation of dividing it among participants has begun, to say what are our prospects for Marshall aid in 1949/1950. Even on our original estimates aid of dollars 940 million would still have left dollars 173 million uncovered. On the basis of our revised figures for probable deficit, amount uncovered would be dollars 750 million.

28. This is situation as it appears to us at moment on basis of best possible estimates that we can make. Our reserves have already been reduced well below danger level. It is now easy to see how inadequate they are to support enormous volume of trade of sterling area with dollar area which cannot fall far short of £1,000 million on each side of the account. Obviously very prompt and decisive action will be necessary unless we are to see them swept away before action can become effective.

29. In United Kingdom we are considering the nature of urgent and drastic steps which we shall hope to take. Our present intention is to make an announcement in the House of Commons in early days of July (when we must in any event publish dollars deficit figures for second quarter of year.) That statement will both describe general situation and deal with any immediate steps which we consider it necessary to take so far as the United Kingdom is concerned. I will endeavour to send you an advance copy of any such announcement. Meanwhile I must again emphasize the great importance of treating contents of this memorandum and indeed the proposal to have a meeting of Commonwealth Finance Ministers as top secret. Ends. Table begins.

Sterling Area Dollar Deficit*
All Figures in Millions of Dollars

<i>Imports:</i> <i>Item</i>	<i>1948</i>	<i>1949/1950</i> <i>as submitted</i> <i>to Paris</i>	<i>1949/1950</i> <i>Revised</i>
U.K.	1,640	1,610	1,610
Colonies	310	250	250
Other Sterling area	<u>865</u>	<u>870</u>	<u>870</u>
Total Imports	-2,815	-2,730	-2,730

*Footnote: Excludes Eire (assumed to be covered by E.R.P.) and South Africa (assumed to cover her own dollar deficit).

<i>Exports:</i> <i>Item</i>	<i>1948</i>	<i>1949/1950</i> <i>as submitted</i> <i>to Paris</i>	<i>1949/50</i> <i>Revised</i>
U.K.	730	800	620
Colonies	485	450	350
Other sterling area	<u>640</u>	<u>610</u>	<u>510</u>
Total Exports	1,855	1,860	1,480
Net Invisibles	<u>-375</u>	<u>-130</u>	<u>-230</u>
Current Deficit	-1,335	-1,000	-1,480
U.K. Capital Transactions	575	-80	-80
Gold Sales to U.K.	80	80	80
I.M.F. Drawing (India)	70	100	—
Canadian Credit	50	120	120
Non-dollar			
Non-participants	-120	-145	-140
Participants	<u>-170</u>	<u>-190</u>	<u>-190</u>
Totals	<u>-905^{##}</u>	<u>-1,115</u>	<u>-1,690</u>
E.R.P.	680	?	?
Reduction in reserves or E.R.P.	-225	-1,115	-1,690

^{##}Footnote: Including minus 55 for Eire deficit and miscellaneous items.

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PCO/Vol. 108

Note du secrétaire adjoint au Cabinet

Memorandum by Assistant Secretary to Cabinet

TOP SECRET

[Ottawa], June 28, 1949

Memorandum for File:

RE: MEETINGS TO DISCUSS U.K. FINANCIAL DEVELOPMENTS

Meeting of Friday, June 24th

The following were present:

The Under-Secretary of State for External Affairs (Mr. Heeney), in the Chair,

The Deputy Minister of Finance (Dr. Clark),
The Deputy Minister of Trade and Commerce (Mr. Mackenzie),
The Deputy Governor of the Bank of Canada (Mr. [Donald] Gordon),
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. J.R. Beattie, Bank of Canada,
Mr. J.J. Deutsch, Department of Finance,
Mr. A.F.W. Plumtre, Department of External Affairs,
Mr. R.G. Robertson, Privy Council Office.

1. The meeting discussed telegrams No. 1288† and No. 1289† from Mr. Robertson in London.

2. It was agreed that little could be done in the way of reaching conclusions until Mr. Robertson's return with further information as to the situation in the United Kingdom.

3. Mr. Beattie reported that he had received word from Washington that Messrs. Snyder, Martin, Glendinning and Willis planned to leave for the United Kingdom on July 2nd.

Meeting of Monday, June 27th

The following were present:

The Secretary to the Cabinet (Mr. Robertson) in the Chair,
The Under-Secretary of State for External Affairs (Mr. Heeney),
The Deputy Minister of Finance (Dr. Clark),
The Deputy Minister of Trade and Commerce (Mr. Mackenzie),
The Deputy Governor of the Bank of Canada (Mr. Gordon),
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. J.E. Coyne, Bank of Canada,
Mr. J.J. Deutsch, Department of Finance,
Mr. L. Rasminsky, Bank of Canada,
Mr. A.F.W. Plumtre, Department of External Affairs,
Mr. R.G. Robertson, Privy Council Office.

1. Mr. Robertson enlarged on the information given in telegram No. 1288,† concerning the developments in the U.K. reserve position. He said that, before his departure, Mr. Bevin had shown him a telegram which was being sent to the U.K. Ambassador in Washington, containing a message for Mr. Acheson. The message urged that the Secretary to the Treasury, with E.C.A. and State Department advisers if possible, should put his trip to Europe forward and come to the U.K. for consultation immediately. The message added that the Foreign Secretary proposed to invite a Canadian Minister and his advisors to come to London at the same time. The suggestion had been so worded that if there were U.S. objection, the proposal could be dropped. Further word from London by telephone early in the day (June 27th) was to the effect that the U.K. hoped to send a message to us in the next day or so.

As to the magnitude of the U.K. problem, later information was that the reference by the Chancellor of the Exchequer to loss at the rate of 600,000,000 pounds per year should have referred to dollars, that is, the loss was at approximately \$600,000,000 per year over and above E.C.A. assistance, the Canadian loan, etc. It was expected that by December 31st, if the trend continued, reserves of gold and dollars would reach \$1.6 billion.

2. Mr. Deutsch reported that he had just received a telephone call from Washington as to preliminary U.S. conclusions with regard to the U.K. problem. They felt that the principal factors were:

(a) a loss in dollar earnings due to high U.K. prices and a drop in the market price of colonial products;

(b) loss of dollar earnings through goods which should be sold for dollars being sold for cheap sterling (together with other losses through cheap sterling);

(c) excess drafts by the rest of the sterling area on the dollar pool.

As to remedies, the U.S. felt that controls would have to be made much stronger with regard to the R.S.A. (Mr. Rasminsky suggested that this would mean placing exchange controls on a commodity basis, rather than on an area basis). Another move would have to be for dollar invoicing of sterling area exports, i.e. they would move only on payment of dollars. However, it was felt that all other measures would be inadequate and that devaluation would become essential.

The U.S. had apparently received word that the U.K. planned to cut their own dollar imports by \$400,000,000 annually and R.S.A. imports by \$200,000,000.

3. Mr. Robertson stated that so far as the meetings were concerned, the plan to hold a meeting early in July with the U.S. Secretary to the Treasury and other officials made our position less difficult with regard to the proposal for a Commonwealth meeting. On the other hand, it probably made Canadian attendance less essential. However, assuming that Canada were to attend, the question arose as to what role we should play. Possibly Canadian representatives should be present only as observers.

4. There was discussion at the meeting as to whether or not it was possible or desirable to make any study or draw any conclusions as to the position Canada should take with regard to substantive measures that might be suggested. No conclusion was reached.

R.G. ROBERTSON

624.

DEA/50010-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, June 29, 1949

RE: UNITED KINGDOM FINANCES; PROPOSED MEETINGS IN LONDON;
U.K.-U.S.-CANADA; COMMONWEALTH FINANCE MINISTERS

This matter will be discussed at 12.15 this morning by the Prime Minister, Mr. Howe, Mr. Abbott and yourself. Clark, Robertson and I will be present.

1. On Saturday, June 18th, Mr. St. Laurent received a personal message from Mr. Attlee. The United Kingdom Government was facing a rapid loss of reserves. It attributed this loss to the business recession in the United States. It proposed a meeting of Commonwealth Finance Ministers to consider remedies. The same proposal was being sent to the other Commonwealth Governments. "We deliberately prefer a Commonwealth meeting, and not a sterling area meeting, because of the general reactions of current developments in the United States on the trade and prosperity of the Commonwealth, and because we regard it as essential that any solutions should be worked out in full cooperation with Canada." A copy of this message is attached.

2. The following day Mr. St. Laurent replied: it was impossible at that time to hold a Cabinet meeting to consider the United Kingdom proposal; Norman Robertson was going to London immediately "to explain fully the various considerations which appear to us to be so important from the Canadian standpoint"; particularly important from this standpoint was the deferment of any announcements either regarding the proposed Commonwealth Conference or in regard to a separate proposal of the United Kingdom, viz. to relax the United Kingdom import restrictions in a way which would discriminate against Canada and the United States and in favour of soft currency countries (O.E.E.C., Commonwealth, and others). Robertson left that night.

3. Robertson stayed in London for the inside of a week. He saw the U.K. Prime Minister and all the Cabinet Ministers concerned and a number of senior officials. A copy of his interim report cabled on Wednesday, June 22nd, is attached (No. 1288).† Robertson questioned the usefulness of a Commonwealth meeting. He feared that the emphasis in the discussions would be on the United States recession as a cause of present troubles; that some Commonwealth representatives would be all too eager to blame their troubles on the United States; that if the Commonwealth as a body decided to restrict imports from the United States the reaction in the United States would be deeply coloured with recollections of the Commonwealth Conference of 1932; that it was essential in the present emergency to retain the cooperation of the United States; and that if the proposed meeting was merely to discuss emergency import restrictions by the sterling area Canada should not be present.

4. During Robertson's discussions it emerged that both Sir Stafford Cripps and Mr. Bevin were already trying to open up discussions with the United States. These discussions should precede Commonwealth discussions. Canada should be invited to attend. (Mr. Bevin seemed to be thinking in terms of continuing United States-United Kingdom machinery along the lines of our United Kingdom-Canada Continuing Committee.)

5. The United States has accepted the United Kingdom's invitation. The Secretary of the Treasury (Mr. Snyder) and the Under-Secretary (Mr. Martin), together with other officials, are leaving Washington this Thursday (June 30th). We understand that they are going to Paris first; Mr. Snyder and Mr. Martin had already planned to go there, although later in the Summer, and presumably are now going there with the idea that this may divert publicity from the United States-United Kingdom discussions. When they are in London they will be accompanied by officials of E.C.A. and State Department.

6. The United Kingdom has suggested to the United States that Canada should take a part in these discussions. We do not know whether they have received a reply from the United States on this point although we learn from Canada House that the United Kingdom is expecting to send us an invitation. We also know that Mr. Acheson favours our attendance and thinks Mr. Snyder would feel the same.

7. There is general agreement amongst Canadian officials of all the departments concerned that we should accept an invitation to discuss the situation jointly with the United States and the United Kingdom. These discussions will presumably take place next week. If the Minister of Finance attends no doubt Dr. Clark will be with him and I very much hope that Norman Robertson will also go because of his special knowledge and experience. It will probably be thought advisable to have as well an adviser from the Bank of Canada; Gordon is discussing this morning with Towers who this should be. If Robertson goes there is no need for direct representation from this Department; Wilgress and Ritchie will no doubt work with the group.

8. The Commonwealth meetings are now fixed to begin on Wednesday, July 13th. (I attach a copy of a second message from Mr. Attlee to Mr. St. Laurent dated June 25th).† My own view is that we should attend, although if, by any chance, we are not invited to the previous United States-United Kingdom discussions the matter may be questioned. As Robertson pointed out in London, we would not want to appear to be "ganging up" with other members of the Commonwealth against the United States. However, we have now received a formal invitation to attend and the holding of the meeting is being formally announced in London tomorrow; we have always been willing to try to help the United Kingdom out of its economic difficulties; and if the Canadian Government failed to send a representative it would be open to charges by Canadian exporters that it failed to take steps to protect their interests.

9. I am trying to confirm by telephone to London this morning that there is no hitch in the U.K. government's intention to invite us to the proposed tripartite discussions next week. Tentative arrangements are being made for two or three offi-

cial to sail from New York tomorrow, on the assumption that the invitation will be forthcoming.⁴⁸

10. I attach for your further information copies of the following documents on this subject:

No. 1296 from London, June 23, 1949,†

No. WA-1744 from Washington, June 27, 1949,†

No. WA-1745 from Washington, June 27, 1949,†

No. 1328 from London, June 28, 1949.†

A.D.P. H[EENEY]

625.

CH/Vol. 2085

Note

Memorandum

TOP SECRET

[London], July 11, 1949

DISCUSSION UNDER THE AEGIS OF THE UNITED KINGDOM-CANADA CONTINUING COMMITTEE ON TRADE AND ECONOMIC AFFAIRS, JULY 11, 1949, 3.45 P.M., AT THE UNITED KINGDOM TREASURY

Yesterday afternoon the group of Canadian officials met with Wilson Smith and Shillito of the Treasury, Liesching of the C.R.O., and Lee⁴⁹ of the Ministry of Food. Holmes of the Board of Trade was unable to be present as he was attending a meeting of the Exports Committee which was discussing methods of expanding U.K. exports to Canada.

2. The discussion (which necessarily was of a preliminary character) related to the following subjects:

(a) Plans for the discussions among the U.K., U.S. and Canada, which are expected to be held in Washington early in September. It was considered desirable to have such preparatory talks as might be possible at this stage before the departure of the Canadian officials from London. Wilson Smith reported that Snyder had indicated that Hebbard, the Financial Attache at the U.S. Embassy would represent the U.S. in any such preparatory talks on the agenda and general arrangements for the September discussions. Wilson Smith suggested that U.K. and Canadian officials might have some preliminary talks, after which they might meet together with Hebbard. These preliminary talks will be arranged as soon as possible.

(b) Consultation with Canada on the revision of the U.K. dollar import programme. It appeared that except for a few commodities on which decisions would have to be taken almost immediately (e.g. tobacco and cotton), the revisions to be

⁴⁸ Le 30 juin 1949 St-Laurent informa Attlee que Abbott serait présent aux réunions tripartites ainsi qu'à la réunion des ministres des Finances du Commonwealth.

On June 30, 1949 St. Laurent informed Attlee that Abbott would attend both the tripartite meetings and the meeting of Commonwealth Finance Ministers.

⁴⁹ F.G. Lee, secrétaire permanent, ministère de l'alimentation.
F.G. Lee, Permanent Secretary, Ministry of Food.

made in the import programme could not be known before the Canadian officials leave London. Wilson Smith and Lee thought that the revised programme would probably not really begin to take shape until late July or early August. Before the programme could be modified with any confidence it would be necessary to know at least what funds the U.S. Congress had appropriated and what share the O.E.E.C. was likely to recommend for the U.K. Wilson Smith and the other U.K. officials undertook to consult in advance with Ottawa, either through Earncliffe or Canada House, on changes proposed in the programme affecting Canada. In addition, Dr. Barton and Frank Lee intend to have an informal talk on the general food import programme within the next few days.

(c) West Indies token import scheme. Wilson Smith was not sure to what extent the arrangements for allowing token imports into the B.W.I. from Canada should be regarded as affected by the "standstill" decision of mid-June regarding "new" dollar purchases. According to Wilson Smith, the Treasury had been inclined to consider this token import arrangement as coming within "existing contracts and commitments" which were to remain in force. However, recent announcements from Jamaica suggested that the local authorities were prohibiting dollar expenditures on such imports. Quite apart from any interpretation of the standstill decision, Wilson Smith thought that U.K. and Canadian officials should discuss as soon as possible whether the sterling area could afford the continuation of such imports into the West Indies. He suggested that before the Canadian group leaves London frank discussions should take place on this question.

(d) Availability of sterling area supplies. It was noted that detailed discussions had recently taken place in London between Harvey of Trade and Commerce and the U.K. officials concerned on the possibility of increasing sales of a variety of sterling area commodities (e.g. petroleum, rubber, cocoa hops, etc.) to Canada, and that discussions had also recently taken place concerning sugar. It was felt that the Continuing Committee could not carry this subject further at the present time. It was noted that during the forthcoming Commonwealth talks much attention would probably be given to the possible expansion of sterling area exports to Canada and the U.S. (including not only the traditional exports but also possible diversions of meat, butter, etc.) The U.K. officials recognized the desirability of establishing some central mechanism for coordinating the promotion of such sterling area sales, but at the same time they emphasized the political difficulties involved in any such arrangement. Liesching undertook to look into the possibility of extending and improving the present sales promotion arrangements (which are now largely confined to products from the Dependent Territories).

(e) Tourism. Rasminsky reported on the steps which the Canadian authorities had taken in encouraging Canadian travel within the sterling area (e.g. clarification and liberalization of the currency allowance, and the inclusion of certain proposed Cunard cruises). Wilson Smith indicated that the personal export scheme in the U.K. was being reviewed and he was hopeful that some improvements could be introduced. There was some discussion of other steps which might be taken to stimulate tourist traffic to the U.K., including the possibility of shipping companies and airlines offering reduced "off season" rates. Liesching and Wilson Smith indicated

that they would prod the Tourist Board to explore these and other methods of increasing earnings from tourism.

(f) Preliminary consideration of the topics listed in our telegram No. 1410 of July 9th:†

(i) It was agreed that the question of the encouragement of imports (particularly of capital goods) and of problems relating to article 5 of the loan agreement should be discussed later with the Board of Trade.

(ii) Wilson Smith indicated that he was not inclined to press at this stage for permission to increase drawings on the Canadian credit. He thought that this question might be reviewed in September in the light of the situation at that time. Dr. Clark explained that, even before allowing for the effects of import reductions which the U.K. might make, the present rate of drawings was likely to be more than could be financed without reducing Canadian reserves of U.S. dollars. He did not see how an increase in that rate could be justified. In any case the whole balance of the loan would not be sufficient to make much difference in the desperate circumstances in which the U.K. would be likely to press for increased drawings. If, in such circumstances, Canada were to allow increased drawings, the probable result would be that Canada would injure herself without really helping the U.K. Wilson Smith enquired whether any formal action was needed in order to permit the continuation of drawings at the present rate. Dr. Clark indicated that the decision last January had not implied any time limit on the continuation of drawings at the rate of \$10 million a month, but had merely provided that the arrangement concerning the rate of drawings would be reviewed "from time to time". Accordingly he did not consider any formal action necessary at this stage.

(iii) Mr. Mackenzie described the present limitations on the Canadian stockpiling programme. He undertook to look into the possibility of increased stockpiling, but he was not hopeful that much could be done.

(iv) On the Newfoundland interest free loan, it was concluded that Wilson Smith should examine during the next few days the possibility of some arrangement whereby the U.K. would pay Newfoundland (or the Federal Government) the Canadian rate of interest (possibly accompanied by an undertaking that the repayment of the loan would not be called for within a specified period of time).

(v) Concerning the arrangements regarding the 1942 interest free loan, there was some discussion on the extent to which there would in practice be any considerable margin in the future between proceeds from the sales or redemptions of securities held by the U.K. and the volume of direct investment in Canada which the U.K. would wish to undertake. Wilson Smith undertook to assemble up-to-date information and forecasts as soon as possible in order that this subject might be discussed further before the departure of the Canadian group.

(vi) On the question of immigrants' remittances there was some discussion on the extent to which it was intended to include not only the initial withdrawals by persons emigrating to Canada, but also subsequent transfers of income from the U.K. after the immigrants secure non-resident status, and even the transfers of legacies. Wilson Smith indicated that his present concern was with the transfers accounting for the annual drain of some \$36 million to U.S. and Canada (of which

about \$29 million went to Canada), but he was not sure exactly which types of transfers were included in this figure. Rasminsky undertook to get from Ottawa as soon as possible an analysis of the Canadian statistics on the various types of transfers. It was noted that the transfers of income after the acquisition of non-resident status might be expected to increase after the lapse of 4 years from the commencement of the immigration movement.

3. At the conclusion of the meeting, Dr. Clark emphasized the relationship between anything which Canada might be able to do on these various matters and the action which the U.K. might take to reduce costs and generally to provide evidence that there was some hope of the U.K. returning to multilateral trading.

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PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, July 22, 1949

U.K. ECONOMIC POSITION; DISCUSSIONS IN LONDON

1. *The Minister of Finance* reported on the inter-governmental discussions which had concluded in London on Monday, July 18th.

The tripartite discussions with the United Kingdom and the United States had been particularly useful in reducing the tendency on the part of the United Kingdom and other sterling area countries to regard the U.S. recession as the principal factor in producing the present situation.

In the Commonwealth discussions which followed, the Chancellor of the Exchequer had indicated the loss of reserves by the sterling area and the expected dollar earnings for 1949-50. Reserves had fallen to £385 million and the drain was continuing. It was estimated that dollar imports for 1949-50 would have to be reduced by \$700 million from those of 1948-49. The United Kingdom planned to absorb \$400 million of the reduction. Similar cuts would be necessary by other sterling area countries.

For a long term programme, a series of recommendations to governments had been prepared in the Commonwealth discussions. The recommendations stated that to balance the sterling area's dollar account at a high level of trade, a large expansion in dollar earnings was required. To achieve this, it was recommended that sterling area countries:

- (a) increase the supply of manufactured goods and primary products, competitive in price and quality;
- (b) increase the supply of dollar earning services, including tourist services;
- (c) promote adjustments in the pattern of production to achieve (a) and (b) above; and
- (d) promote conditions designed to facilitate investment by surplus countries.

In order to sell at competitive prices, it was recommended that sterling area countries take measures to reduce their costs of production and:

- (a) bring any remaining inflationary elements under control;
- (b) bring investment and consumption into line with resources currently available, including external borrowing; and,
- (c) encourage action to increase efficiency in production.

To aid in creating the conditions necessary for a multilateral trading system, it was recommended that surplus countries contribute by:

- (a) maintaining a high level of employment, income and demand;
- (b) assisting and encouraging the purchase of goods and services from other countries;
- (c) encouraging international investment; and,
- (d) promoting the transfer of resources within their territories from forms of production in which their costs were relatively high compared with those of other countries.

If reserves continued to fall at the present rate, they would be completely exhausted within a year. It was accordingly agreed that the Ministers of the sterling area countries recommend to their governments reduction of payments in respect of dollar imports by a proportion equal to that already announced by the United Kingdom.

The Ministers agreed to inform one another within a month of the measures their governments were taking.

(Document E.M.M.(49)20, Meeting of Commonwealth Finance Ministers; Recommendations to Governments, July 18, 1949).†

2. *Mr. Abbott* had the impression that there was no general consciousness among the people of the United Kingdom as a whole of the real seriousness of the situation. Drastic measures by the United Kingdom were required, including budgetary action, but this involved political problems of a character difficult to contend with in the absence of a greater appreciation of the crisis.

There would undoubtedly be a curtailment in Canadian sales to the United Kingdom in the immediate future, although the exact extent and character could not yet be determined. It would probably affect lumber, paper and pulp, and non-ferrous metals most seriously.

In connection with specific measures proposed to Canada, he had indicated the difficulty in allowing faster drawings on the Canadian credit in view of the trade balance. One possibility for consideration seemed to be the financing of remittances of immigrants to Canada from the United Kingdom.

3. *Mr. Abbott* said that information from Washington suggested that the U.S. analysis of the situation and of measures necessary to meet it coincided with that in Canada.

(Teletype No.WA-1970, Canadian Ambassador, Washington, to External Affairs, July 21, 1949).†

Further tripartite discussions had been set for August 25th among officials, and September 6th, among Ministers. It was hoped that some definite conclusions might be reached.

4. *The Cabinet*, after considerable discussion:

(a) noted the report of the Minister of Finance on the tripartite and Commonwealth discussions in London on the U.K. and sterling area economic position;

(b) endorsed the recommendations to governments by the meeting of Commonwealth Finance Ministers;

(c) agreed that the Canadian High Commissioner in London be directed to inform the U.K. authorities of the endorsement by the Canadian government and that the government were of the view that the recommendations should be communicated confidentially to the U.S. authorities before the discussions in Washington; and,

(d) agreed that the Interdepartmental Committee on External Trade Policy undertake preparation of material for the meetings in Washington.

627.

DEA/10364-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 1730

Ottawa, September 27, 1949.

SECRET

Canada-United Kingdom Continuing Committee on Trade and Economic Affairs.

2. Meetings have been held on Friday, Saturday, Monday and today; there will be a final meeting tomorrow (Wednesday) morning. Mimeographed minutes and other documents, will be mailed as soon as available.† Ritchie attended all meetings.

3. Discussion has focused on the United Kingdom import programme for 1949-50. However, our side led off with a discussion of U.K. and sterling area export prospects. We maintained that Canadian imports were likely to increase quickly and substantially; we saw little likelihood of an initial loss of dollar earnings anticipated by the United Kingdom because of export contracts fixed in terms of sterling.

4. This analysis suggested that the U.K. should envisage an import programme from Canada of some 640 to 650 million dollars instead of the 602 million dollars that they put forward. Our argument was strengthened by the fact that the 602 million dollars was in terms of U.S. dollars. Some automatic increase in terms of Canadian dollars seemed justifiable.

5. Within the larger programme, we suggested some increase in forest products and possibly base metals; the degree of increase in these fields was uncertain because U.K. figures were rather broad and vague. In the field of forest products

we strongly urged them to place immediate contracts. The main increase was to cover three agricultural products which the U.K. said they were planning to stop purchasing at the end of 1949. For these products our figures related in the calendar year 1950. We proposed a total expenditure of 55 million dollars; bacon (24 millions), eggs (16 millions), and cheese (15 millions). 25 million dollars out of the 55 would be expended in the first half of the year and hence would be in the 1949-50 programme.

6. The U.K. side resisted our proposals all along the line. They insisted that we were anticipating too early a rise in their earnings of Canadian dollars as a result of devaluation; they stressed that lag between the time of export and the time of payment; they said they did not regard bacon, eggs, and cheese as a "good buy" in Canada under present conditions; they said they had put us on notice on previous occasions that they were definitely intending to discontinue the purchase of eggs.

7. These questions will no doubt come up again at tomorrow morning's meeting and we shall tell you what happens.

8. At a special session of the Committee this morning the U.K. raised for discussion Canadian tariff rates, dumping duties and import restrictions. They urged unilateral action by Canada to reduce tariffs; they requested the continuance of present exemptions from dumping duties; they asked us to use our import restrictions to promote U.K. sales in Canada. We could give them no encouragement on any of these points. Devaluation of the pound sterling together with the lesser devaluation of the Canadian dollar had, in effect, substantially diminished our tariffs against the U.K., had increased our tariffs against the United States, and had eliminated the chief cause for which dumping duty exemptions were established. We said that the Canadian Government would have sufficient difficulty in holding the line against pressures in this country for government action to offset the new improved competitive position of U.K. exports; it was out of the question, politically, to expect the Government to lower tariffs unilaterally at this time. A list of tariff items which the U.K. put before the meeting only served to emphasize the difficulties. We warned them that the Canadian government might decide not to continue using its powers to exempt goods from dumping duties; we pointed out that from now on dumping from the U.K. was likely to be genuine dumping and not merely a device by British firms to circumvent an undervalued currency. Finally, we reemphasized that Canadian import restrictions could only be maintained on a basis of balance of payments difficulties; benefits to the U.K. exports must be regarded as incidental and not a main purpose of the regulations.

9. In this morning's meeting the U.K. urged that the Canadian government should go a good deal farther in "selling" the Canadian public on the need for imports from the United Kingdom. We agreed that some statements by Ministers would be desirable particularly in the light of the new competitive position resulting from devaluation. On the other hand, we pointed out that it was much easier for a government to conduct an export drive than an import drive because the latter involved a threat to established interests within the country.

628.

DEA/10364-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 1731

Ottawa, September 28, 1949

SECRET

Reference our telegram No. 1730 of September 27 re Canada-United Kingdom Continuing Committee on Trade and Economic Affairs.

1. The final meeting of this session of the Committee was held this morning (Wednesday). It was generally agreed that it would be impracticable and probably undesirable for the Continuing Committee to attempt at this session to reach precise conclusions or recommendations on the various matters which had been raised by the two sides. It was felt that the discussions at this session had served the purpose for which the Committee had been established by giving each side an understanding of the points regarded as important by the other side. On the basis of the discussions it would be possible for the two sides to pursue these matters further with their respective governments. It was generally felt that some of the value of the Committee as a forum for the frank exchange of views might be lost if the Committee were to be regarded as a negotiating body.

2. At the concluding meeting Wilson-Smith indicated that his side appreciated the effort which the Canadian side had made to forecast the probable effects of devaluation on United Kingdom exports to Canada. He could not say whether those forecasts were in accord with the calculations which were being made in London but he would ensure that account was taken of the Canadian forecasts in the estimates being prepared by United Kingdom. Although there might be differences of opinion as to the magnitude of the effects on U.K.-Canada trade of the devaluation of sterling and of the Canadian dollar (and although there might be greater uncertainty concerning the effects of devaluation on U.K. trade with other countries) he was inclined to agree that, to some extent at least, the effects on U.K.-Canada trade would be generally favourable. At Mr. Deutsch's request, he undertook to keep Canadian officials informed on United Kingdom balance of payments forecasts as they progress and as the situation becomes clearer.

3. Wilson-Smith also agreed that the \$600 million import programme from Canada could now be financed with less strain on the gold and U.S. dollar resources of the sterling area than had appeared likely before devaluation. He thought that the lessening of the strain might be of the order of 20 million to 30 million Canadian dollars. In those circumstances the policy question was whether the United Kingdom should now attempt to purchase more from Canada or whether prudence required that this apparent saving should be held in reserve, particularly since the United Kingdom position in relation to some other countries might turn out to be less favourable than had been originally forecast. This was a question which could be considered only by Ministers. Wilson-Smith thought that Ministers would be

giving consideration to this choice in connection with the review of the import programme for 1949-50 and for the second half of 1950, which might take place within two or three weeks. He undertook to consult in some manner with interested Canadian members of the Committee after that ministerial review and before final procurement instructions are issued.

4. Holmes expressed his disappointment that it had not been possible, either in the Tripartite Talks or in the Continuing Committee, to advance very far with the discussion of possible unilateral tariff reductions, but he hoped that something might still happen in that direction as a result of the consideration which Canadian officials would be giving to the individual items which he had mentioned as ones on which the United Kingdom would particularly welcome a reduction of the tariff. He hoped also that the Canadian side would keep in mind the emphasis which he and other members of the United Kingdom side had placed on the desirability of more publicity (through statements by Ministers etc.) in Canada on the importance of encouraging United Kingdom imports in the interest of the maintenance of Canadian exports.

5. Lee was unable to say anything further concerning the suggestions which had been made regarding United Kingdom food purchases. He did stress, however, that in any future negotiations on such purchases 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.

6. Clutterbuck noted that no discussion had taken place on tourism. He thought that Holmes might have a preliminary word with Robertson on this subject before departing. Wilson-Smith also expressed the hope that Canada would participate actively in the Tourism Subcommittee of the Commonwealth Liaison Committee and regretted that previously Canada had not been prepared to accept the chairmanship of that Subcommittee.

7. There was a brief discussion on the form of the tripartite consultation proposed in the Washington talks and on the relationship of any such arrangement to the Continuing Committee. Both the United Kingdom and Canadian sides felt that the Continuing Committee would be required despite the establishment of any tripartite machinery. It was noted that the present session of the Continuing Committee had served a useful purpose despite the fact that there had been tripartite discussions only a short while before. Wilson-Smith indicated that the United Kingdom side did not yet know in what manner the Tripartite machinery would operate. He mentioned that the United Kingdom Government would shortly be appointing an Economic Minister to the Embassy in Washington to serve as Deputy to the Ambassador (he remarked that he was not clear what the relationship would be between this Minister and the existing United Kingdom Commercial Minister and the Head of the United Kingdom Treasury Delegation).

8. At the end of this morning's meeting it was decided not to issue a press communique since, as in the case of earlier meetings, it would not be possible to say much more than that the Committee had met and had discussed the whole range of

U.K.-Canadian economic problems. Since the press had evinced no great interest in the meetings, it seemed hardly necessary to issue such a statement.

9. It was decided that the next meeting of the Committee should be held within six months and that towards the end of the calendar year there might be consultation through the Chairman as to an appropriate date.

629.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 28, 1949

ANGLO-AMERICAN FINANCIAL AGREEMENT; SECTION 9

3. *The Minister of Finance* reported that, at the recent tripartite talks in Washington, the U.K. representatives in proposing certain measures for liberalizing trade with O.E.E.C. and other soft currency countries, had expressed their anxiety that Section 9 of the Anglo-American Financial agreement (dealing with non-discrimination in trade) and the corresponding clause in the Canada-United Kingdom Loan Agreement (Article 5) should not operate to prevent them taking these measures.

At the time, it had been explained that while Canada was opposed in principle to such an interpretation, no objection would be raised to actual measures that might be taken provided the U.S. government were not opposed.

Following the talks, the U.S. Secretary of the Treasury had consulted Congressional and other authorities and it had now been decided that they would not charge any breach of Section 9 if the United Kingdom interpreted it in the manner proposed.

The United Kingdom were expected to make an announcement on this matter shortly.

4. *The Cabinet*, after discussion, noted the remarks of the Minister of Finance with regard to the relationship of Article 5 of the Canada-United Kingdom Financial Agreement and Section 9 of the Anglo-American Financial Agreement to the proposed relaxation of U.K. quantitative import controls in favour of O.E.E.C. and other soft currency countries.

630.

DF/Vol. 3987

*Extrait du procès-verbal de la réunion du Comité du Cabinet
sur la politique économique*

*Extract from Minutes of Meeting of Cabinet Committee
on Economic Policy*

SECRET

[Ottawa], October 17, 1949

...

IV. FOOD EXPORTS TO THE UNITED KINGDOM; EXPORT POLICY WITH REGARD [TO]
FOOD PRODUCTS

13. *The Minister of Trade and Commerce* pointed out that the Deputy Ministers of Trade and Commerce and Agriculture would be proceeding to the United Kingdom at the end of the week to discuss the U.K. import programme for 1950 as it affected Canada. Particular attention would be necessary with regard to bacon, cheese and eggs. However, these would have to be considered against the background of the national economy as a whole. Attention would also have to be given to the position of lumber, newsprint, fish and certain manufactured products where British purchases were likely to be curtailed. Producers of these commodities would feel they had as great a claim to consideration as the farmers.

Because Canadian exports of bacon, cheese and eggs had been restricted until recently to the U.K. and B.W.I. there was no basis of experience on which to assess other markets. Interest had, however, been shown in some products by Alaska, Belgium, Cuba, Hawaii, Israel and Switzerland. In the U.S. the Commodity Credit Corporation was at present purchasing eggs and cheese in surplus areas and might have to buy pork before the end of the year. It was not possible to estimate probable price supports after March 31, 1950. There seemed to be prospects for some sale of bacon, cheese and eggs in the U.S.

There was definite evidence that the United Kingdom would not continue to be a lasting market for significant quantities of Canadian bacon, cheese and eggs. Studies of probable U.K. requirements, production and import commitments from sources other than Canada and the U.S. for 1952-53 indicated a net unfilled demand for 40,000 tons of pork products, a surplus over requirements of 23,000 tons of cheese and a surplus of 83,000 tons of eggs. The U.S. would probably have exportable surpluses of cheese, eggs and bacon in 1952-53, which it might endeavour to dispose of in the U.K. In the meetings of the United Kingdom-Canada Continuing Committee the British representatives had said they had not allowed for purchases of Canadian bacon, cheese or eggs in the calendar year 1950. In any purchases, cheese would have the highest priority but price would be important. They could maintain the 3 oz. ration of bacon without Canadian supplies. They would not want Canadian eggs in 1950.

In connection with the trade arrangements with the United Kingdom it seemed desirable to consider the effects of continuance of the type of arrangement that had been entered into thus far. The short term of contracts (one year) did not permit a stable programme for agriculture. The fixed prices tended to operate as a floor and

to give rise to problems with regard to their relationship to U.S. prices. This resulted in problems of export and import control. The exclusive nature of the contracts tended to prevent the development of alternative markets.

Instead of continuing the policy of contracts on the same basis as in the past it might be desirable to consider the possibility of trying to get U.K. agreement to an allocation of a minimum supply of dollars and to establishment of a schedule of purchases of bacon and cheese acceptable to both parties. Presumably eggs could be handled in a like manner.

14. *The Minister of Agriculture* was of the view that it would be necessary to press strongly for renewed U.K. purchases of bacon, cheese and eggs. It was of great importance to Canadian agriculture to retain the position that had been established in the British market. In many cases if products could not be sold in the U.K. market there was much that could not be disposed of at all. It appeared that production of bacon in Canada was moving upward as farmers found it desirable to raise pigs in order to maintain their level of income. Cheese production was also increasing. Egg production had declined somewhat but the U.K. market was particularly important. So far as bacon and cheese were concerned, the increased quantities here and elsewhere might give rise to marketing difficulties but it would be extremely undesirable to have such difficulties aggravated by a loss of the U.K. contracts.

With regard to the proposal for a blanket allocation of dollars to cover the three products, rather than specific contracts for each individual commodity, Mr. Gardiner said that this had been proposed on a previous occasion. It was undesirable to have a situation, such as had developed with regard to bacon and cheese, where there was a deficit on bacon supplies but a surplus of cheese without any possibility of arranging a transfer of purchases from one to the other.

15. *The Minister of Trade and Commerce* thought that one of the most undesirable features of the present situation was the closing of outlets to alternative markets. This was an action taken by ourselves and did not seem to be in accord with the present or probable developments in the U.K. market.

16. *The Deputy Minister of Trade and Commerce* said that when the British representatives on the U.K.-Canada Continuing Committee on Trade and Economic Affairs had been in Ottawa they had been told that the planning which included no further purchases of bacon, cheese and eggs after December 31, 1949, was "unsatisfactory" and "unrealistic". The Canadian representatives had asked that the U.K. government allocate \$55 million for the calendar year, to be expended somewhat as follows:—bacon—\$24 million; cheese—\$15 million; eggs—\$16 million. The United Kingdom had to secure pork products and cheese; and there seemed to be an excellent prospect for arrangements covering these two items. It might be possible to have agreement on reasonably satisfactory quantities. On the other hand the prospects for egg purchases did not appear to be good.

So far as the character of arrangements was concerned, the present contract plan with fixed quantities and prices raised very real difficulties in the domestic scene in terms of prices and export and import controls. It was with this in mind that it had

been thought that it might be preferable to amend the basis of arrangement in favour of a general allocation of dollars.

17. *The Minister of Agriculture* thought that in all consideration of the question it was essential to keep in mind the necessity for agricultural producers of retaining and improving their position in the U.K. market. Ultimately this would have to be on a free market basis but that would not be possible this year. In the circumstances it was important to endeavour to secure U.K. contracts covering all three commodities for a small quantity at least.

18. *The Committee*, after discussion, agreed that the Ministers of Trade and Commerce and Agriculture discuss further possible arrangements for sale of agricultural products to the United Kingdom prior to the departure of the Deputy Ministers of Trade and Commerce and Agriculture at the end of the week.

631.

DEA/50013-40

*Le Chancelier de l'Echiquier du Royaume-Uni
au ministre des Finances*

*Chancellor of the Exchequer of United Kingdom
to Minister of Finance*

TOP SECRET

[London], October 22, 1949

MESSAGE FROM THE CHANCELLOR OF THE EXCHEQUER,
DATED 22ND OCTOBER 1949

You will shortly receive the full text of the statement which Mr. Attlee proposes to make in Parliament this afternoon on the serious steps which we have felt obliged to take to adjust our economy to the new position which now confronts us. Those steps are designed to ensure that the benefits which should accrue to the sterling area as a whole from the alteration in the Sterling/Dollar rate should not be lost to us all through the increase of inflationary pressures.

2. We have been engaged in a most searching review of our Dollar Import Programme in the light of the new circumstances and I feel it right to acquaint you at once with the results of that review and with my appreciation of the various factors involved.

3. We all realised when we met last July that we were setting ourselves an immensely difficult task in aiming at a general reduction of our expenditure on dollar imports to a level of 75% of the 1948 expenditure. A detailed review of our programme which we have just completed has shown that we ourselves could not achieve the full cut within the twelve months ending July, 1950, in view of our existing commitments and the need to sustain and intensify the drive for dollar exports and meet the demands of the sterling area for our manufactures.

4. The target at which we aimed for the period 1949/50 was a dollar import programme for the United Kingdom of about \$1,200 million. By the time that the drastic action taken last July began to show its full effect at the beginning of the current quarter it had become clear that even this would prove insufficient to keep us within a figure of \$1,200 million unless we could cut our import programme

during the first half of 1950 to an annual rate of about \$800 million. This would have meant the complete reversal of the whole process of economic recovery and cancellation of contracts on a large scale, including the Canadian wheat contract. The contract, the export drive and the re-equipment of British industry would have come to a standstill.

5. We are, however, proceeding on the basis that it is imperative to keep expenditure down to \$1,200 million over the whole calendar year 1950. We will be working at this rate from the beginning of the year. We now estimate that our expenditure on imports for the year 1949/50 will amount to about \$1,390 million, which represents a cut of 14% on expenditure during the calendar year 1948. I should, however, explain that this figure is inflated to the extent of \$40 million by the additional United States wheat and surplus agricultural commodities which we have undertaken to purchase as the price of securing greater flexibility in the use of E.R.P. funds, e.g., on Canadian wheat. It also takes account of the urgent need to provide the materials upon which our dollar earning and dollar saving export industries depend, especially cotton and non-ferrous metals.

6. We have made a review of the whole position in the light of the results of the Washington talks and of the exchange adjustment with the help of such interim figures as are available for the rest of the sterling area. The position is still most uncertain but the effect of the slower approach which we have had to make to \$1,200 million annual rate of expenditure on dollar imports will be balanced or even somewhat more than balanced by some prospective increase in our dollar resources as compared with the estimates on which we worked last July. We are achieving substantial economies in dollar expenditure on invisible account. But the principal change here is that we have succeeded in securing an E.R.P. allocation for 1949/50 higher than we had expected and the opportunity to use E.R.P. funds allotted in 1948/49 owing to the loosening of E.C.A.'s administrative arrangements which we secured at Washington. We estimate the net effect of this and other changes is to increase our resources by rather more than \$250 million. Most of the improvement to which I refer is essentially ephemeral. Indeed we can be certain that our E.R.P. receipts will fall very heavily during 1950/51.

7. Against this background, and in view of the imperative need to build up our reserves it seems to me essential that we should undertake a comprehensive review of the position of the dollar balance of payments of the sterling area as a whole in the light of all that has happened since our meeting last July. I should like to have this put in hand as soon as possible and I should be grateful if as a first step our other sterling area Commonwealth colleagues could let me 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. We can then consider together the most appropriate method of further consultation although it seems to me to be clear that there can be no question of a further Ministerial meeting in the near future owing to the imminence of general elections.

632.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, November 3, 1949

U.K. IMPORT PROGRAMME; 1949-1950

11. *The Minister of Trade and Commerce* reported that his Deputy⁵⁰ and the Deputy Minister of Agriculture⁵¹ had recently completed discussions with U.K. officials in London on the U.K. import programme for the last six months of 1949 and the first six months of 1950.

The present U.K. programme varied from that presented to the U.K.-Canada Continuing Committee on Trade at its September meetings in only one important respect. It indicated contemplated purchases of food in North America in the calendar year 1950 to the value of \$25 million (U.S.) (\$27.5 million Canadian), of which approximately \$11 million (Canadian) would be expended in the first six months.

The \$27.5 million was to be expended primarily on cheese. No eggs would be purchased and the amount available for bacon would be whatever was left after providing for 100 million pounds of cheese. However, U.K. planning at present was on the basis of 25¢ (U.S.) per lb. for cheese, which would leave no residual for bacon. No further purchases of pitprops or newsprint were contemplated in 1950 and provision was made for only 110,000 standards of soft-wood lumber from the whole of North America, to be purchased under E.C.A. on the basis of competitive bidding.

The Canadian officials had argued strongly that the programme be modified to meet a relatively few and relatively small Canadian problems and that an additional amount of \$20-\$30 million for the calendar year 1950 would probably accomplish the purpose. It had been agreed that the U.K. officials would advise their Ministers of these views and communicate the final decision at an early date.

An explanatory memorandum was circulated.

(Deputy Ministers' memorandum, undated—Cabinet Document 1098).†

12. *Mr. Howe* suggested that one matter to which consideration should be given was the desirability of permitting the United Kingdom to carry over into the next crop year wheat which it was obliged to take this year under the current contract. The United Kingdom had inquired whether the carrying forward of 25 million bushels would be agreeable to the Canadian government. In view of the smaller crop, delivery of the full contract amount to the United Kingdom would mean a limitation on our capacity to sell to other markets. If we were to have wheat to offer, it would be desirable to be in a position to take action immediately.

⁵⁰ M.W. Mackenzie.

⁵¹ J.G. Taggart.

13. *The Minister of Agriculture* thought that it would not be desirable to recommend any such release from the amount under contract, although it might be desirable to have the question discussed with the United Kingdom at the Ministerial level along with other questions connected with the U.K. import programme. In each of the last two years, the original position taken in negotiations by the United Kingdom made no adequate provision for purchases of Canadian foodstuffs, but further discussion between Ministers had brought a more satisfactory basis of agreement when the contracts were entered into.

14. *The Minister of Veterans Affairs* said that termination of purchase of pitprops would seriously affect certain areas in New Brunswick. He had been asked to discuss the matter with Provincial authorities and it might be desirable to explore the possibility of a Dominion-Provincial plan under the Forest Conservation Act which would make use of labour that would otherwise be unemployed if no pitprops were to be cut. One possibility seemed to be the clearing and construction of roads for forest fire protection.

15. *The Cabinet*, after considerable discussion:

(a) noted the report of the Minister of Trade and Commerce;

(b) agreed that the Ministers of Trade and Commerce and Agriculture give further consideration to measures that should be taken in the light of the U.K. import programme; and,

(c) agreed that it would be desirable for the Minister of Veterans Affairs to discuss with representatives of the government of New Brunswick a possible arrangement for joint operations under the Forest Conservation Act to provide for possible unemployment resulting from the cessation of U.K. purchases of pitprops.

Dumping Duties; Future Policy

16. *The Minister of National Revenue* reported that recent devaluations of sterling and other European currencies had, to a large extent, removed the price difficulties of U.K. and European exporters which had necessitated the exemptions from dumping duties authorized by Order in Council in August, 1948. Dumping duty had for a long time been an integral part of the Canadian tariff and it seemed desirable to remove the exemptions now that they were no longer necessary. It was accordingly recommended that the Order in Council be amended to remove exemptions from dumping duty for the following items: linoleum, oilcloth, confectionery, sanitary earthenware, sporting goods, cocoa butter, lawnmowers, white portland cement and soda ash.

17. *The Prime Minister* referred to the plea recently made for protection for the Canadian woollen industry against the effects of sterling devaluation. This protection could only be given by an increase in tariff rates. Other industries were in a similar position. It would be difficult to refuse requests for such protection if the government gave increased protection, when this could be done by administrative action, to industries such as those affected by the present exemptions from dumping duties.

On grounds of general policy it seemed undesirable to take any action at the present time. We had urged the United Kingdom to improve its trading position by

exporting more to dollar markets. Revocation of the exemptions would give the appearance of erecting obstacles as soon as the United Kingdom took measures in the direction we had urged. Such action might also discourage efforts in the United States to take measures to ease the flow of imports there.

18. *The Cabinet*, after further discussion, agreed that decision with regard to revocation of exemptions from dumping duties be deferred until after the end of the present session of Parliament.

633.

DEA/50013-40

*Le Chancelier de l'Echiquier du Royaume-Uni
au ministre des Finances*

*Chancellor of the Exchequer of United Kingdom
to Minister of Finance*

TOP SECRET

[London], November 9, 1949

PERSONAL MESSAGE FROM SIR STAFFORD CRIPPS TO MR. ABBOTT, DATED 9TH
NOVEMBER, 1949

We have now received from United Kingdom officials an account of the conversations which they had in London at the end of October with Mr. Mackenzie and Mr. Taggart on the subject of United Kingdom purchases in Canada in 1949/1950 and to some extent in the second half of 1950.

You in your turn will have had a full report from your officials, so there is I am sure no need for me to recapitulate the story in detail. You know our general position. We have decided and announced our intention to reduce our dollar import programme to \$1,200 million (United States). This is a regrettable necessity, the reasons for which were fully accepted when explained to you, and to our American friends, in our July and September conversations. Paragraph four of our Washington communiqué provides an admirable summary of how the position was left between us.

It was against this background, and in the light of the useful exchange of views at the Ottawa meeting of the Anglo-Canadian Continuing Committee, that the Economic Policy Committee of our Cabinet examined in October a detailed import programme for 1949/1950, and in a more tentative way the possibilities for the second half of 1950. The conclusions which we then reached were described to your official representatives and will have been communicated to you together with the intimation that our decisions on imports from Canada were to be regarded as provisional pending the discussions with Mr. Mackenzie and Mr. Taggart.

In the light of the discussions between officials we have now re-examined our programme, but in present circumstances it is extremely difficult for us to contemplate any addition to its total. We know that there are certain features in our programme which will cause you particular concern (notably on newsprint, lumber, bacon and the precise arrangements for any purchases of cheese). We realise fully that, to quote the Washington communiqué, "these measures are not pleasant ones; they will cause difficulties and sacrifices for everyone concerned". Given, however,

the clear recognition that the necessity has to be faced, we are sure that we can look to you for understanding of our position and most of all for a realisation that we cannot be expected to buy in Canada more than in our considered judgment we can afford. The perils of this summer are too near and the problems ahead are too serious for us to take risks.

In the circumstances our present feeling is that the total of the import programmes outlined to your officials will have to stand unless you or we can devise some way of meeting our respective points of view. It looks, therefore, as if we should not be able to make further progress unless we can arrange for talks between Ministers. If you reach the same conclusion the question will arise of where and when we should meet. In present circumstances it would not be easy for me or my senior colleagues to leave this country and we should hope therefore that you and one or more of your colleagues, if you thought that right, would be willing to come to London. In that event we would suggest that we should meet at any time convenient to you from 28th November onwards.

You will be aware of the important question I raised with Mr. Mackenzie when he was over here and will no doubt be in a position to deal with this if, as I trust will be the case, you feel able to come.

634.

DEA/50013-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2196

London, November 14, 1949

TOP SECRET

Your telegram No. 2000 of November 11th,† United Kingdom import programme and accumulation of sterling balance.

Am relieved to learn that top officials share my view that the Minister of Finance should not, repeat not, accept the invitation of the Chancellor of the Exchequer to come to London to discuss acceptance of sterling for Canadian products sold to the United Kingdom. Apart from the danger involved in discussing what might be equivalent to a mortgage of Canada's economic future, acceptance of the invitation would be encouragement to the United Kingdom to pursue policy of building up exclusive trading area. Sooner or later this will bring about a direct clash with the United States, and it is essential that we should not be involved in this clash through any direct participation in United Kingdom policies. A mild rebuff through our declining the invitation might be salutary at this stage. When the United Kingdom Government realizes that there is no, repeat no, chance of forcing Canada into discriminatory practices, they may become more prone to explore means of closer economic integration with other countries of Western Europe which is necessary to give reality to the North Atlantic Pact. If it is just a question of solving bacon problem, it would be safer to contemplate supplying surplus

bacon as a gift until our production programme can be adjusted to the new situation.

635.

DEA/50013-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2020

Ottawa, November 16, 1949

TOP SECRET

Following for Wilgress from Heeney. Begins: Your telegram No. 2196 of 14th November: United Kingdom Import Programme and Accumulation of Sterling.

The Prime Minister has asked me to thank you warmly for your telegram under reference. Your message was most useful during the discussion in the Cabinet yesterday afternoon on the reply which should be returned to Sir Stafford Cripps' communication of the 9th November, and helped the Prime Minister and his colleagues to come to decisions which are very closely in line with your recommendations.

2. My immediately following telegram contains the text of a message from Mr. Abbott to Sir Stafford Cripps. Will you please deliver this message to the Chancellor as quickly as possible?

3. As soon as the Chancellor has received Mr. Abbott's reply, will you please also deliver, in person, to Mr. Attlee the message contained in the third of this series of telegrams. As you will see, it is a message from Mr. St. Laurent in which he recapitulates some of Mr. Abbott's arguments and expresses his concern over the false picture which has recently been presented to the public in the United Kingdom of the United Kingdom's financial relations with Canada.

4. Finally, I should like to let you know how much I personally appreciate the prompt and valuable advice which you have given us on this question. Ends.

636.

DEA/50013-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2021

Ottawa, November 16, 1949

TOP SECRET

Following for Wilgress from Heeney. Begins: My telegram No. 2020 of today's date: United Kingdom Import Programme and Accumulation of Sterling.

The Minister of Finance is today sending by air bag a personal letter to the Chancellor of the Exchequer, in reply to Sir Stafford Cripps' personal message to Mr. Abbott of November 9th concerning United Kingdom import programme from Canada for 1949/50. In order to save time Mr. Abbott would be grateful if you would communicate the text of his message immediately to Sir Stafford.

Text of the message follows. Text Begins:

I have received your personal message dated November 9th in which you convey the feeling of the United Kingdom Government that the total of the import programme from Canada for 1949/50 as outlined to Mr. Mackenzie and Mr. Taggart when they were in London at the end of October, will have to stand unless some way can be found of meeting our respective points of view.

My colleagues and I appreciate fully the magnitude of the dollar exchange difficulties with which the United Kingdom Government have to deal, and the efforts which are being made to overcome them. It would appear to be your view that the differences that remain between us regarding purchases of newsprint, lumber, bacon and perhaps cheese can only be resolved on the basis of additional financial assistance from Canada. You will recall that, following the discussions which were held with ECA in the course of the Washington talks, it was understood that the sterling area dollar deficit with Canada was completely covered. The resources available from sterling area earnings in Canada, ECA offshore purchases, and the drawings on the Canadian loan will exceed by a very substantial margin the deficit arising with Canada from a minimum import programme such as we have in mind. The provision of any additional financial assistance from Canada would, therefore, go to assist the United Kingdom position in other respects. We realize that this would be helpful to the United Kingdom, but we must have regard to our own situation. The Canadian balance of payments for the coming year, in so far as it can be foreseen at this time, does not make it possible for us to grant further credit assistance beyond the \$120 mm which has already been arranged.

Mr. Mackenzie has reported to me on the matter which you raised with him when he was in London. Obviously any arrangement under which Canada would in effect agree to hold sterling would, in the last analysis, mean a further extension of credit by Canada. Even if we were in a position to grant further assistance, we should not wish to do it in this way. The accumulation of sterling which clearly we cannot use effectively either now or in the foreseeable future, would not be in accord with the fundamental realities of our economic relationships. It would merely introduce new difficulties and strains in other directions. I am sure you will agree that these should be avoided and that we should face the problem in a straightforward manner as we have done in the various arrangements for financial assistance which have been in effect since the beginning of the war. The adoption of a currency device 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.

My colleagues and I have carefully considered your view that we will not be able to make further progress unless we can arrange for talks between Ministers. While I would personally greatly welcome an opportunity of further discussions

with you, I myself find it is not possible to go to London in the near future, owing to urgent matters that I must attend to here following prorogation of Parliament which is expected early in December. Moreover, I must say that I am doubtful, in view of the considerations to which I have referred, that any new element has arisen which would make it essential to have another talk between Ministers just now when it is so difficult for each of us to find the necessary time. Text ends. Message ends.

637.

DEA/50013-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*
*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2022

Ottawa, November 16, 1949

TOP SECRET

My telegram No. 2020 of today's date: United Kingdom Import Programme and Accumulation of Sterling. Following is the text of the message from Mr. St. Laurent to Mr. Attlee referred to in my telegram under reference.

Begins: In a period of financial strain such as at present, there is always a danger that the friendly basis of the relationship between our two countries may be weakened if forces tending to draw us apart are allowed to operate unchecked. It is because I know you share our anxiety that the discussion of our current financial problems should not be allowed to obscure our underlying community of interest that I am venturing to tell you of our concern over the false picture which has recently come before the public in the United Kingdom of the financial relations between our two countries. We have been disturbed by statements by some members of your Parliament⁵² and by the implications which may be drawn even from statements of some of your Ministers.⁵³ Such statements have suggested that the chief cause of the United Kingdom's exchange difficulties is the necessity of paying dollars for imports from Canada. You do not need to be reminded, I know, that this is a serious misinterpretation of the facts in respect of Canada's financial relations with the United Kingdom. But we are worried that these misrepresentations have not yet received any authoritative rebuttal. At a time when there are bound to be serious problems of trade and payments between the two countries, such misstatements as have been current during the past few weeks can only serve to aggravate the difficulty of finding mutually satisfactory solutions.

2. As you are aware, it was widely hoped in Canada that as a result of the financial aid extended to the United Kingdom, both during and after the war, including

⁵² Les membres du parlement travaillistes R.H.S. Crossman et Woodrow Wyatt.
Labour MPs R.H.S. Crossman and Woodrow Wyatt.

⁵³ Le ministre de l'alimentation John Strachey et le ministre de la santé Aneurin Bevan.
Minister of Food John Strachey and Minister of Health Aneurin Bevan.

the credit advanced in 1946, a stable market would be assured in the United Kingdom for reasonable quantities of Canadian products and particularly of Canadian foodstuffs. In the event this hope is not being realized and you have felt it necessary to make successive cuts in your imports from Canada. Naturally this sequence of events has led to wide-spread disappointment here. If to that natural disappointment is added irritation at statements which are considered in Canada to be misinformed and misleading, the damage done to relations between our two countries may be serious.

3. Mr. Abbott is sending to Sir Stafford Cripps today a message to which we attach great importance. I do not need to repeat all the considerations which are set down there for the information of your Government. But I would like to draw your attention to some facts presented in Mr. Abbott's message which seem to have been widely overlooked. It is well known to you that ever since the end of the war a substantial part of the United Kingdom's deficit with Canada has been covered by the Canadian loan and that ever since the beginning of the Marshall Plan that deficit has been much more than covered by the Canadian credit supplemented by ECA funds. In the light of these facts you will understand why suggestions that the United Kingdom is bearing the burden of a Canadian dollar deficit must inevitably cause irritation here.

4. We have watched with admiration the United Kingdom's success in increasing its productive output and its flow of exports, and we have examined with constant sympathy the serious economic problems which still confront you. During the Tripartite Conference in Washington last September between the United Kingdom, United States and Canada, it was agreed that those problems involve all three countries. Their solution will call for close and friendly co-operation, and in all likelihood for further action by all three Governments. It is because we are afraid that the current misrepresentations in the United Kingdom of Canada's position may jeopardize the readiness to continue such co-operation, that I am sending you this message. Ends.

638.

L.S.L./Vol. 164

*Note du secrétaire du Cabinet au premier ministre**Memorandum from Secretary to the Cabinet to Prime Minister*

CONFIDENTIAL

Ottawa, November 16, 1949

RE: TRADE ARRANGEMENTS WITH THE U.K. AND FOOD EXPORT POLICY

I was somewhat concerned at some of the references by Mr. Gardiner in his account in Cabinet yesterday of his remarks to the meeting he recently attended of the Saskatchewan Wheat Pool. You will recall that he said that he had informed the delegates that he thought we ought to make contracts with the United Kingdom government for the sale of Canadian food products and that he did not know of any Minister who was of a contrary opinion. He also said that he had commented on the successful disposition of Canadian food products thus far and said there was no problem at present with regard to the sale of Canadian production. He had indicated

that he felt that "for the good of agriculture" there should be an increased production of bacon, although the Canadian government was not urging Canadian farmers to make such an increase at the present time. He had also suggested to the meeting that, in urging increased sale of Canadian food products, it was the United Kingdom government on which pressure should be brought and that the difference between the U.K. programme and Canadian desires was very small. He apparently suggested to the meeting that the difference could be met quite easily apart altogether from an increase in U.K. sales to Canada, and he remarked in conclusion that it was a "dangerous doctrine" to have circulated that increased sales on the part of the U.K. were essential to sustain the purchases of Canadian foodstuffs.

The final statement, if made publicly and depending on its context, could be taken as a negation of the basic policy agreed on at Washington to make every effort toward an increase in United Kingdom exports to dollar markets. It could also weaken the efforts the government will be making to hold the line against demands for protection against U.K. imports. However the parts of Mr. Gardiner's remarks which, it seemed to me, could most readily lead to difficulty, were those concerning the unanimity in the government in favour of food contracts with the U.K. and concerning the desirability of an increase in bacon production.

Early in December the annual meeting will be held with provincial representatives to discuss the agricultural programme for 1950. It would be particularly undesirable if Mr. Gardiner were to indicate, on the basis of yesterday's discussion, that the government concurred in his suggestion that bacon production should be increased. It might similarly be embarrassing if the impression were given that the government were unanimously behind the policy of continuation of concentration on the U.K. market for Canadian food products and of carrying on our sales on the basis of contracts similar to those that have prevailed thus far. As there was no comment in Cabinet yesterday on his remarks, Mr. Gardiner might feel that he would be justified in taking a position along the above line.

I have felt for some time that there has been a serious need for a more complete discussion of Canadian trade policy in relation to the U.K., particularly in connection with food products, and of policy on food exports generally. The present weeks may be quite decisive in determining our position in the next year or more, both in our relation with the United Kingdom and in respect of our policy on agricultural production, subsidies and food exports. I do not think it would be possible to bring about useful discussion at the official level or through the Interdepartmental Committee on External Trade. You might wish, however, to consider whether it would be desirable to propose in Cabinet that more complete discussions than there have been thus far should be held very shortly in the Cabinet Committee on Economic Policy.

N.A. R[OBERTSON]

639.

DEA/50013-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2230

London, November 17, 1949

TOP SECRET

Following for Heaney from Wilgress: My telegram No. 2223 of November 17th.†

1. I saw Sir Stafford Cripps at 2.45 this afternoon, and handed to him the message from Mr. Abbott. He read it through carefully, and then said smilingly that he was not surprised in view of the preliminary reaction of Canadian Government circles in Ottawa to his proposal. He then said rather more bitterly that 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 went on to say that there was bound to be public discussion of the question, and that he would probably be asked questions in the House of Commons. He would have preferred to have been able to say that he had consulted with Canadian Ministers, and that they had not been able to agree to the proposal. He then said that he had understood that when Mackenzie and Taggart were here, they had expressed the view that the proposed import programme would not be acceptable to Canada. I remarked that the total amount was about what had been expected, and that the chief difficulty for us was the distribution of the total amount among the various products, and particularly the sudden cessation of purchases of products which were already in production in anticipation of sale to the United Kingdom. He said that this was what he wanted to discuss with Ministers, to which I replied that it was my understanding that the financing of United Kingdom purchases had been agreed at the tripartite talks in Washington, and that the Canadian Ministers had understood that the proceeds from United Kingdom sales to Canada, plus the Canadian credit and the ECA financing of certain products, would permit the United Kingdom to purchase from Canada around \$650,000,000 worth of goods, and still leave a balance over for augmenting the reserves or for purchases from other sources. He commented that there may be a misunderstanding, because the main purpose of ECA financing was to help the United Kingdom purchase essentials from the United States. He concluded by stating that they would have to give consideration to the whole position in the light of the reply from Mr. Abbott, and that they would probably have a discussion in Cabinet on this question tomorrow.

2. At 5.30 p.m. I called on Mr. Attlee in his room at the House of Commons, and delivered the message from the Prime Minister. He read it through rather cursorily, and then looked up and thanked me for having delivered it. He made no comment and obviously had not read the message very attentively, although no doubt he had got its purport.

640.

CH/Vol. 2082

*Le Chancelier de l'Echiquier du Royaume-Uni
au ministre des Finances*
*Chancellor of the Exchequer of United Kingdom
to Minister of Finance*

[London], November 19, 1949

REPLY BY CHANCELLOR OF THE EXCHEQUER TO CANADIAN MINISTER OF FINANCE,
19TH NOVEMBER, 1949

Thank you for your letter of the 16th November. I note that you are doubtful, in view of the considerations to which you refer, that any new element has arisen which would make it essential to have another talk between Ministers just now, and that anyway it would not be possible for you to come over for the present. I quite appreciate how busy you must be and that any further meeting must therefore be postponed.

For the immediate future, given the extreme difficulty in contemplating any addition to the total of our import programme, would you care to propose through our High Commissioner any ideas you have as to possible switching of expenditure between the different items on our 1949/50 programme, including perhaps wheat, which would help you without hurting us. Your officials will know from their talks here those items on which we should find it exceptionally difficult or even impossible to modify our requirements. From our point of view the only obvious item under which reduction of expenditure could be made to provide for easements elsewhere seems to be wheat. We could contemplate taking up to \$20 million less wheat in 1949/50 if this readjustment suited you.

Time is unfortunately short if any such readjustment is to be effective. We shall give the most careful consideration to any suggestions of this kind that you can make.

641.

DEA/50013-40

Le premier ministre du Royaume-Uni au premier ministre
Prime Minister of United Kingdom to Prime Minister

TOP SECRET

[London], November 22, 1949

PERSONAL MESSAGE FOR MR. ST. LAURENT FROM MR. ATTLEE DATED 22ND
NOVEMBER, 1949

I am most grateful to you for your friendly message. It is hardly necessary for me to say that I share your anxiety that nothing, that it is within our power to do, should remain undone to maintain and strengthen the friendly relations between our two countries. My colleagues and I will do whatever we can do on our side to help in the situation you describe. We shall be taking steps at an early date to dissociate ourselves from the views (with which we have of course never been in sympathy) of those publicists who suggest that the chief cause of the United Kingdom's

exchange difficulties is the necessity of paying dollars for imports from Canada. I am arranging that an authoritative Ministerial statement shall be made at an early date, in which it will be made clear that these suggestions have no authority behind them and that they do not in any way represent the opinion of the Government or the people of the United Kingdom. The occasion will be taken to refer in suitable terms to the value to us of the immense help which Canada has given us during and since the war. This action should make the United Kingdom Government's own position clear beyond a doubt.

So far as people outside the Government are concerned, you know as well as I that under our free systems we cannot control what they say. But in spite of this we shall certainly do anything we can to discourage them from making any further suggestions or writing further articles like these which have caused resentment in Canada.

Our Government pronouncements will I trust be helpful. May I also hope that these will receive widespread publicity in Canada and so help to remove any unfortunate impression that may have gained ground through the action of persons outside the Government here.

You also refer to implications which may be drawn even from statements of some United Kingdom Ministers. So far as I know, the only occasion upon which the matter has been dealt with by a United Kingdom Minister in a public speech was when the Minister of Health replied to an Opposition argument in his speech in reply in the devaluation debate in the House of Commons on 29th September. I append a copy of that part of his speech which mentioned the point.† From this you will see that he made it plain that the problem was one in which we were both concerned and that it was equally wrong to blame either of us for the inescapable events that arose out of the war. This statement was entirely in line with the communiqué issued after the Tripartite Conference in Washington last September to the effect that the solution of the economic problems which face us today calls for close and friendly co-operation between the United Kingdom, the United States of America and Canada.

I will not in this reply deal with the other matters touched upon in your message, except to say that we are and have always been most conscious and appreciative of the invaluable contribution that Canada has made during the war and subsequently in the attempt to solve the dollar-sterling difficulties. For this reason it has been all the more distressing to us that our difficulties—which are so well known to you that I need not enlarge on them—have compelled us to taper off our purchases of certain types of Canadian goods which we would very much like to have. These matters are, however, being dealt with between Mr. Abbott and Sir Stafford Cripps and I will not go further into them here. In wrestling with these problems, however, you and your Government can rest assured that I and my colleagues in the United Kingdom Government are as anxious as you are to avoid all misrepresentation of the attitude of either country and to carry forward our relationship in the frankest and most friendly atmosphere.

We shall of course find ourselves faced with difficult problems between our two countries from time to time, particularly so long as the dollar-sterling problem

remains so acute, but I am sure that full and patient discussion of these matters will enable us to solve them and at the same time to increase the closeness of the understanding between our two countries.

642.

PCO/Vol. 105

*Le ministre des Finances
au haut-commissaire pour le Royaume-Uni
Minister of Finance
to High Commissioner of United Kingdom*

SECRET

Ottawa, November 24, 1949

Dear Sir Alexander,—

I refer to the personal message from the Chancellor of the Exchequer which you delivered to me on November 19th concerning the United Kingdom import programme from Canada.

My colleagues and I have now had an opportunity to consider the Chancellor's helpful suggestion regarding the possibility of switching expenditure between the different items on your 1949/50 programme, including perhaps wheat. In order to achieve a more satisfactory programme from our standpoint, within the limits of the total outlay which your Government feel they cannot exceed, we could contemplate a deferment in the shipment of some wheat from the quantity provided for in the wheat contract for 1949/50 into the subsequent crop year. We would be prepared to defer the shipment of up to 15 million bushels until the 1950/51 crop year under the terms and conditions which apply to the present contract.

The proposed arrangement regarding wheat would make available something over \$30 millions for other items. From our point of view we would wish particularly to provide for the following: \$2.5 millions for newsprint, \$5 millions for Pacific Coast salmon from the 1950 catch, \$22.5 millions for bacon and eggs.

We would wish to have as much as possible of the \$27.5 millions, already in your programme for cheese and bacon, devoted to cheese from Canada. Whatever remains from this amount after the requirements for cheese have been met would supplement the \$22.5 millions made available for bacon and eggs.

If these suggestions are generally acceptable to the United Kingdom Government we could proceed immediately with arrangements for the detailed discussion, through the appropriate channels, of prices, quantities, deliveries, etc.

I should be grateful if you would convey these proposals to the Chancellor. Please convey to him also my thanks for his message.

Yours sincerely,

D.C. ABBOTT

643.

DEA/50013-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2117

Ottawa, December 3, 1949

SECRET

Your telegram No. 2354 of today's date†: United Kingdom Import Programme from Canada. Your telegram is being urgently considered and a reply will be despatched later today.

2. In the meantime I am sending you a personal message from Mr. St. Laurent for you to transmit to Mr. Attlee to express the Prime Minister's appreciation of the statement which Sir Stafford Cripps made on the 25th of November concerning the financial relations between Canada and the United Kingdom. I imagine that you will want to send this message to Mr. Attlee as early as possible on Monday morning in the hope that a copy of it will have reached the Chancellor in time for your meeting with him in the evening.

3. The text of Mr. St. Laurent's personal message for Mr. Attlee, which is dated the 2nd of December, is as follows, Begins:

"I should like to thank you for your personal message of the 22nd of November and to tell you how much we appreciate your efforts to set the record straight with respect to the financial relations between the United Kingdom and Canada. The public statement which the Chancellor of the Exchequer made on the 25th of November was widely reported here, and I hope it received similar attention in your country. As you and the Chancellor indicated, the solution of the dollar-sterling problem will require a long, steady pull from Canada and the United Kingdom as well as from the United States. The statement made in London last week, I think, will make it easier for both our countries to put our backs into that joint effort, and I am therefore very grateful for it. By working closely together, I feel sure that in spite of all the problems we will be able to find solutions which will eventually overcome the difficulties which now beset our economic relations.

"I should be glad if you would convey my appreciation to Sir Stafford Cripps."
Ends.

644.

DEA/50013-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2124

Ottawa, December 5, 1949

SECRET

Re your telegram of December 3, No. 2354.† As a result of interdepartmental discussion the following notes may be useful for your own information in your discussion with the Chancellor on Monday.

1. The proposal in Mr. Abbott's telegram to the Chancellor was that 15 million bushels of wheat under the Agreement should be postponed, but not cancelled. It seems to us that cancellation should not be considered for the following reasons. Under the present contract the 15 million bushels in question would be sold at \$2.06. If this 15 million bushels were sold to other purchasers under the International Wheat Agreement this year, at the ceiling price, it would bring \$2.03, but at the floor it would bring \$1.65. This means that, under the best circumstances, the cancellation would mean the loss of 3 cents a bushel, but, in view of the weakening of the market, it more probably would mean a loss of something up to 40 cents a bushel, assuming sales were made before July 31 next. If the wheat had to be carried over and sold next year the loss could be of the order of 50 cents a bushel, that is, a possible loss of some 7½ million dollars. The Wheat Board is of the firm opinion that they will probably be selling under the ceiling very shortly as a result of strong increased American competition in all markets. It is, therefore, pretty certain that a cancellation would mean a substantial loss to the wheat producer. The problems that such a course would raise are obvious. There would be the question of the wheat farmers carrying the problems of other groups i.e. hog producers, fishermen, newsprint industry etc., but more important is the whole history of the wheat contract and the "have regard" clause.

2. We are assuming here that with respect to cheese the British will have to buy from North America approximately 100 million pounds of cheese and that special provision is already made for such purchase apart from the wheat deal. The contract would have to be negotiated but this would be undertaken in the normal course and in the usual way.

3. With regard to the other products concerned the important question in the Chancellor's mind will no doubt be price and we will naturally be most interested in anything that the Chancellor indicates in this regard. Again for your own information the thinking here is that there would have to be some reduction from last year's prices, but that we should not go below the general level of prices that we would obtain if we were selling into the U.S. market or the United States support prices whichever is higher. Any greater reduction would probably involve subsidy on the part of the Canadian Government.

4. With regard to newsprint we do not anticipate the British will be so concerned with price because we understand the publishers are quite prepared, in view of the small amounts involved, to pay the going Canadian price. Any price reduction in this field would very probably bring a corresponding price reduction in our sales to the United States and would result in a very serious loss of dollar earnings. It is the intention that the small quantity of newsprint involved would be furnished entirely by Newfoundland to help ease that province's transitional problems.

5. In Mr. Abbott's message some leeway was left to allow for adjustments. We have pretty well accepted the fact that we will sell no pitprops, but, needless to say, if any interest were shown it would ease a difficult problem for us in connection with small producers in New Brunswick.

6. It may be that the Chancellor will bring into discussion the question of Newfoundland codfish. You are already familiar with the messages that have been sent but you may be interested to know that we received an ECA authorization yesterday for the sale of 1 million dollars of Newfoundland codfish to Greece. This should strengthen our hand in discussion with the British by showing that we are endeavouring to obtain dollars for this product and to relieve the British of their obligation in this respect.

7. Mr. Howe is sailing on the Queen Elizabeth on January 12th for a holiday in France. If desirable he could go first to London to discuss these matters.

645.

DEA/50013-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2359

London, December 5, 1949

SECRET

Your telegram No. 2124 of December 4th, regarding United Kingdom import programme from Canada:

1. I called on the Chancellor of the Exchequer this afternoon at his request. He told me that a reply to Mr. Abbott's message of November 24th had been telegraphed to Clutterbuck, but that before it was delivered Sir Stafford wished to give me some verbal explanations of their counter-proposals.

2. In suggesting the transfer of 20 million dollars from wheat to other products, they had in mind the cancellation of an equivalent quantity of wheat and not the postponement of shipment. They appreciated, however, the reasons why we could not agree to cancellation, and therefore were proposing the deferment of a certain quantity into the subsequent crop year. They had originally suggested 20 million dollars, and we had proposed 30 million dollars. The compromise between these two figures was 25 million dollars, and this is what they were now proposing in

relation to the deferment of wheat purchases until the next crop year and switching of the expenditure to be saved in this crop year to the purchase of other products.

3. The main question for them was the distribution of this amount of 25 million dollars among the various products. They could not undertake to purchase goods which they did not need. This applies to eggs, and they had made it clear to us that the orders placed in 1949 were intended to be a tapering off of shipments.

4. Sir Stafford then said that a similar situation applied to newsprint, since if they bought Canadian newsprint they would have more than they required, and they would have to compel the newspapers to increase their editions. He therefore proposed that the amount of two and a half million dollars which we had suggested for newsprint should be used for Eastern Canadian softwoods.

5. At this point I mentioned the importance we attached to newsprint, and referred to the intention that the small quantity of newsprint involved would be furnished entirely by Newfoundland to help ease that Province's transitional problems. He said he understood that the Newfoundland newsprint mills were now quite busy, and he did not see how newsprint could be a transitional problem.

6. Sir Stafford's reference to Eastern Canadian softwoods permitted me to refer to pit props. I said that I understood that 17,000 fathoms had been cut in anticipation of United Kingdom orders, and that an amount of 500 thousand dollars might clear these pit props. He said that if this was the case, it should be possible to include pit props in the amount allotted for Eastern Canadian softwoods.

7. When I asked about cheese, he said that this product was included in the original programme, and that he understood that 16 or 17 million dollars had been allotted to cheese. I then said that we had expressed a preference for a contract covering the whole year. He replied that he thought this would conflict with ECA requirements, and that it was their intention to purchase both from Canada and the United States from time to time according to requirements.

8. As regards bacon, he said that if two and a half million dollars were allotted to Eastern Canadian softwoods, and 5 million to canned fish, there remained 17 and a half million available for bacon. He believed that if we deducted eggs, this was the amount Mr. Abbott had in view in his proposal of November 24th.

9. Sir Stafford Cripps concluded by raising the question of prices, and repeated that they could neither permit prices or subsidies to increase. When I mentioned that we did not think we should go below the general level of prices that we would obtain if we were selling to the United States market, or the United States support prices, whichever is higher, Sir Stafford stated that they could not take into account the United States support prices, nor could they afford to pay such high prices as would increase the cost of living in this country. Sir Stafford discouraged any further discussion of prices or terms of contract by stating that these were details which could be worked out later.

10. I concluded the interview by stating that the Canadian Government would be very disappointed that no provision could be made for the purchase of newsprint.

646.

DEA/50013-40

*Le haut-commissaire pour le Royaume-Uni
au ministre des Finances*

*High Commissioner of United Kingdom
to Minister of Finance*

SECRET

Ottawa, December 5, 1949

Dear Mr. Abbott,

Thank you for your helpful letter of 24th November about the 1949/50 United Kingdom import programme in Canada, the substance of which I at once communicated to the United Kingdom Government. The proposals you made in it have been very carefully considered by United Kingdom Ministers, and I have now received their observations.

The United Kingdom Government are very glad to know that there is scope for a mutually satisfactory arrangement by means of deferring part of the 1949/50 purchases of wheat to 1950/51 and substituting purchases of other commodities to an equivalent value. If this solution is adopted, their understanding would be that the quantity of wheat of which the purchase would be deferred from 1949/50 would be bought in 1950/51 under the terms and conditions applying to the present contract, and that it would be regarded by both Governments and represented in public statements as merely the postponement of deliveries under the 1949/50 contract.

As regards the quantity to be deferred, you suggested that it should be up to 15 million bushels, representing \$30 millions. On the other hand it was stated in Sir Stafford Cripps's message of 19th November that we could contemplate taking up to \$20 millions less wheat in 1949/50. It would be difficult for the United Kingdom Government to go as far as you suggest, and the figure which they now propose in order to go as far as possible to meet the wishes of the Canadian Government is \$25 millions (12½ million bushels).

It is desired that the reduction of \$5 millions, which then needs to be made in the detailed figures in the third paragraph of your letter, should be made from the figure of \$22½ millions which you suggested for bacon and eggs, and it is further desired that the resulting figure of \$17½ millions should be applied to bacon only. The United Kingdom Government have sympathetically considered the Canadian Government's wish to export some eggs to the United Kingdom in 1949/50, but, as you will already be aware, they had previously reached the conclusion that they could not in present circumstances devote any of their limited dollar funds to the purchase of eggs—which could not in any case be expected to be a continuing trade—and they do not feel that they would be justified in modifying this conclusion.

Another modification of detail which the United Kingdom would wish to be made is in the \$2½ millions which you suggested should be provided for newsprint. United Kingdom Ministers fully appreciate the importance which the Canadian Government attach to the United Kingdom continuing to import newsprint

from Canada, but, since 1949/50 requirements can be adequately met from non-dollar sources, it would be extremely difficult for them, in our present dollar position, to justify an allocation of dollars for this purpose, and they would prefer to spend \$2½ millions on a further purchase of Eastern Canadian soft wood.

To sum up, the United Kingdom suggestions for the special purchases of \$25 millions (Canadian) are:—

<i>Commodities</i>	<i>Millions of dollars (Canadian)</i>
Bacon	17.5
Canned Salmon	5
Soft wood	2.5

These special purchases would be in addition to purchases of Canadian cheese under the proposals explained to the Canadian officials who visited London in October. In this connection I have been asked to emphasise that the original allocation of \$27.5 millions for supplementary food purchases in North America will all be required for cheese, whether from Canada or from the United States.

In conveying the foregoing suggestions to you I have been asked to stress that they should be regarded, so far as the United Kingdom is concerned, as subject to the essential proviso that agreement should be reached between Canada and the United Kingdom on satisfactory prices, especially for cheese, bacon and canned salmon. This point was the subject of considerable discussion between Canadian and United Kingdom officials, both in Ottawa in September and in London in October the difficulty being that devaluation of sterling has made North America a high-priced source of supply, and the United Kingdom Government are anxious to avoid either an increase in the United Kingdom Exchequer subsidy or an increase in price to United Kingdom consumers.

The United Kingdom Government most earnestly trust that agreement can now be reached between the two Governments on the lines suggested above. If the proposals are acceptable in principle to the Canadian Government, the United Kingdom Government will make arrangements on their side for the early negotiation of the details.

Yours sincerely,

ALEC CLUTTERBUCK

647.

PCO/Vol. 105

*Le ministre des Finances
au haut-commissaire pour le Royaume-Uni*
*Minister of Finance
to High Commissioner of United Kingdom*

SECRET

Ottawa, December 10, 1949

Dear Sir Alexander,—

Thank you for your letter of December 5th concerning the 1949/50 United Kingdom import programme in Canada.

My colleagues and I have now had an opportunity to consider the proposals contained in your letter. I would be grateful if you would convey to the United Kingdom Government our agreement in principle to the suggested arrangement for deferring 12½ million bushels of the 1949/50 purchases of wheat to 1950/51 and substituting purchases of other commodities (bacon, salmon and softwood) to an equivalent value. I wish to confirm that it would be the understanding of both Governments that this quantity of wheat of which the purchase would be deferred from 1949/50 would be bought in 1950/51 under the terms and conditions applying to the present contract, and that it would be regarded by both Governments and represented in public statements as merely the postponement of deliveries under the 1949/50 contract.

Please convey to the United Kingdom Government our appreciation of their efforts to find a solution. It should now be possible to bring the outstanding matters to a conclusion in the near future. We are prepared to proceed with arrangements for the early negotiation of the details.

Yours sincerely,
D.C. ABBOTT

648.

L.S.L/Vol. 164

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

SECRET

Ottawa, December 12, 1949

The United Kingdom High Commissioner asked to see me today to express the "grave concern" which his government felt over certain statements reported to have

been made by the Minister of Agriculture on the subject of Anglo-Canadian trade.⁵⁴ They were particularly disturbed because these statements were made in the midst of negotiations between the two governments on this matter. The suggestion that there was a conscious effort being made by the United Kingdom Government to stop imports from Canada without an explanation of the dollar difficulties of that government could only create a misunderstanding. Sir Alexander said that the worries of his government about this matter would be increased when they were able to study the statement made by Mr. Gardiner in the House of Commons on Saturday morning. Sir Alexander added that we ought to be able to understand their preoccupations 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.

2. I told Sir Alexander that I would bring this matter to your attention. If you agree, I think it might be desirable if I mentioned it at a Cabinet meeting. There is no doubt that the impression created in the United Kingdom by Mr. Gardiner's statements has been an unhappy one, and I think that if it had not been for Sir Alexander himself we would have had a more vigorous and a more formal intervention by the United Kingdom Government. (In fact, Sir Alexander told me in confidence that he had persuaded that government to leave the matter in his hands, rather than adopt the Prime Minister channel.)

L.B. P[EARSON]

649.

L.S.L./Vol. 164

*Le haut-commissaire pour le Royaume-Uni
au premier ministre*

*High Commissioner of United Kingdom
to Prime Minister*

SECRET

Ottawa, December 14, 1949

My dear Prime Minister,

Mr. Gardiner's recent public utterances about Britain's attitude to food purchases from Canada have been widely and prominently reported in the United Kingdom press, and I have now received a message from Mr. Attlee asking me to tell you personally how greatly perturbed and discouraged he and his colleagues have been to read these statements, particularly those passages alleging that United Kingdom officials have been engaged in a "deliberate onslaught" to drive Canadian

⁵⁴ Ceci renvoi au discours de J.G. Gardiner, à Brantford (Ontario), lequel fut largement diffusé dans la presse britannique et couvert dans l'éditorial du *Daily Express* du 9 décembre 1949. Gardiner répéta ses commentaires à la Chambre des communes, ce qui poussa Wilgress à suggérer une déclaration à Abbott pour faire le contrepoids. Heeney fut d'un avis contraire et Pearson d'accord. This refers to a speech by J.G. Gardiner at Brantford, Ontario, which received wide coverage in the British press and editorial comment in the *Daily Express* on December 9, 1949. Gardiner repeated his comments in the House of Commons, which prompted Wilgress to suggest a statement by Abbott to counter-balance it. Heeney advised against that course and Pearson agreed.

food products out of the British market and sometimes even have sought to buy from the American continent for dollars what they decline to buy from Canada.

As you know, Mr. Attlee had himself taken steps, in pursuance of the personal messages exchanged with you, to discourage and repudiate comment in the United Kingdom which was critical of Canada and which did not of course carry any official authority. It is therefore the more distressing to him to find that a distorted picture of the official policy of the United Kingdom Government is publicly enunciated and attacked by a Minister of the Canadian Government. He will of course continue to seek to restrain unofficial comment in the United Kingdom, but he feels sure that you will understand that his task in trying to do so will be rendered more difficult, and may indeed be made impossible, by repercussions from statements such as those made by Mr. Gardiner.

Yours sincerely,

ALEC CLUTTERBUCK

650.

DEA/50010-40

*Le sous-ministre, ministère des Finances
au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister, Department of Finance
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, December 20, 1949

Attention Mr. A.F.W. Plumptre

Dear Sir:

I have yours of December 14th enclosing a memorandum which you have had prepared summarizing the work of the Conference of Commonwealth Finance Ministers held in London last fall.† I have only been able to read this memorandum in great haste, but I regret to say that this hasty reading did not give me the impression of receiving a very accurate or illuminating picture of what went on at that Conference.⁵⁵

In particular, the memorandum gives little idea of the fundamental strategy and general pattern of the Conference. The purpose of the Conference was to provide a forum in which the United Kingdom could impress the various other sterling area members of the Commonwealth with the seriousness of the exchange reserve problem of the sterling area; expound in detail the nature of, and the reasons for, the dangerous trends in those reserves which had become visible in the second quarter of the year and the steps which the U.K. itself was putting into effect to remedy the situation, particularly the drastic restrictions on dollar imports; and bring pressure upon the other members of the sterling area to put into effect a similar drastic program of dollar import restrictions. Canada was probably invited to participate not

⁵⁵ A.E. Ritchie critiqua aussi le résumé, lequel avait été rédigé par un non-participant.

A.E. Ritchie also criticized the summary, which was prepared by a non-participant.

merely because she is a member of the Commonwealth but also because it was felt she could assist in emphasizing the seriousness of the current trends and in making it clear that it would be folly to rely for a complete solution upon actions to be taken by the United States.

The Commonwealth Conference began immediately after the conclusion of the tripartite discussions among the U.K., the U.S.A. and Canada. When it opened, members of the Commonwealth who had not been present at these tripartite discussions were very curious as to what they had accomplished—all professed some disappointment over the apparently innocuous content of the communique which had been issued, and at least one member found it difficult to avoid showing pique that it had not been represented in the discussions.

The British Chancellor of the Exchequer handled the Conference with very considerable skill. At an early stage he had indicated his expectation that all the other sterling area members of the Commonwealth should and would impose restrictions on dollar imports as drastic as those which the U.K. was putting into effect, i.e., restrictions designed to reduce dollar imports during 1949–50 by 25%. This was the general nature of the short-run program for which he was seeking approval. When the program was first suggested, the heads of all the other delegations began with one accord to make objections—it would be quite impossible to effect so drastic a saving during the current year; already commitments had been made which could not be repudiated; some thought it would be wiser and more practicable for them to increase dollar earnings rather than reduce dollar spendings; Mr. [Walter] Nash of New Zealand thought that it would be wiser to borrow from Canada and the United States; in one or two cases the standard of living was already so low that imports could not be further restricted without grave political and social danger; etc.; etc. Sir Stafford Cripps then allowed discussion to develop on the medium-term and long-term measures but kept coming back from time to time to the acute short-run situation and giving new information to emphasize the rapidity of the deterioration in the sterling area's exchange reserves which was taking place. Finally, in the concluding sessions of the Conference he obtained a reluctant acquiescence on the part of most delegations to the type of program in which he was primarily interested.

Canada made it clear from the outset that she was, by history and force of economic circumstances, a member of the dollar area rather than the sterling area, and that she could not therefore be considered as giving approval in any sense to the decisions of the others to restrict dollar imports. Mr. Abbott did admit his appreciation of the fact that when a hemorrhage was in process it might be appropriate temporarily to apply a tourniquet to stop the flow of blood, but emphasized that the greatest care was necessary to avoid allowing the tourniquet to become a substitute for other positive measures designed to avoid the loss of the limb. In other words, he stressed, in season and out of season, the necessity of constructive rather than restrictive measures and of securing agreement of the various members of the Commonwealth to the adoption of a medium-term and long-term positive measures designed to remedy the unbalance between the sterling and dollar worlds. In this connection, he had repeatedly to endeavour to persuade various delegations that it would be a mistake to attribute the loss of exchange reserves largely to business

recession in the United States (in fact, United States business activity had been maintained on a very high level and Canada had been able to increase her exports to the United States in 1948 by an extraordinary proportion and to maintain them during 1949), and to point out that probably a more serious cause of the trouble was the high level of costs and prices in the United Kingdom and other parts of the sterling area.

The major difference between the two schools of thought found most frequent reflection in the discussions, both amongst Ministers and in the Committee of Experts, of the long-term constructive program to be recommended by the Conference. In the Committee of Experts, Dr. Coombs, the leading economic adviser of the Australian delegation, probably expressed in the most clear-cut way the type of approach that tended to minimize the difficulties over the level of costs and prices in the debtor countries resulting from full employment and welfare state policies, and to maximize the difficulties resulting from business recession in the United States and the pursuit by the United States of economic policies unbecoming to a surplus or creditor country. In fact, however, after several meetings, formal and informal, it was possible to secure the agreement of the experts of all delegations to a statement of long-term measures which represented a very satisfactory compromise between the two points of view—in other words, a compromise which assigned responsibility in fairly equitable proportions to both creditor and debtor countries. (Incidentally, in the External Affairs memorandum, it is suggested that this statement of an agreed long-term program, which was later revised in only minor detail by the meeting of Ministers, was essentially a draft of proposals initially submitted by the United Kingdom; this is very far from an accurate statement.)

I am sorry I have not the time to criticise the memorandum in detail nor to go back and check the records of the Conference. However, there are a few points in the memorandum which I have noted as perhaps calling for a brief comment.

Paragraph 2(e), last sentence—An important cause of the decline was the fact that the United States Government reduced its own stockpiling purchases for much the same reason as United States business men reduced their inventory purchases.

Paragraph 3—The euphemism employed by Sir Stafford Cripps for the business recession in the United States was “a change from a sellers’ to a buyers’ market”.

Paragraph 7—Both in the tripartite and the Commonwealth discussions Canada and other countries raised the question of the loss of dollars to the United Kingdom involved in transactions in cheap sterling, and both Canada and the United States in particular were inclined to believe that the loss due to this factor and to the “leads and lags” factors arising out of devaluation rumours referred to in paragraph 7 were a good deal more important than the British Treasury was inclined to admit.

Paragraph 21—As already noted, the long-term recommendations agreed to were very far from being “an expanded version” of the program suggested by Mr. Harold Wilson.

Paragraph 27—Mr. Nash raised the possibility of direct loans from U.S. and Canada as well as acceptance of sterling. The paragraph seems to abbreviate unduly the reply given by Mr. Abbott.

Appendix A—My impression is that this appendix, particularly that part of it dealing with long-term measures, lacks in precision and balance as a summary of the recommendations agreed upon. For instance, it seems ridiculous to say that “the countries represented at the meetings agreed...*(e) to restore* international monetary reserves to levels etc., etc.” Again, the final paragraph appears to be completely oblivious of the special position of Canada and the caveats entered at its request.

The same criticism can be made about Appendix B. Note the phrase “The meeting agreed...”; “Cheap sterling transactions should be eliminated” (a consummation devoutly to be wished but I fear a bit impracticable); and again I doubt if I understand the references to Canada opposite the title “Manganese Iron”.

I think that with the general background which I have given and more precision in summarizing the chief documents, it should be possible to produce a memorandum which would be more helpful to the delegation proceeding to Colombo.

Yours very truly,

W.C. CLARK

651.

L.S.L./Vol. 164

Note de l'assistant spécial du premier ministre
Memorandum by Special Assistant to Prime Minister

SECRET

[Ottawa], December 23, 1949

memorandum for file

The Prime Minister had a call on the telephone from the Minister of Agriculture this afternoon about a proposed announcement regarding bacon prices. Mr. St-Laurent emphasized the importance of indicating that the proposed arrangement would last only for six months, and specifically requested Mr. Gardiner to clear any announcement with Mr. Howe before it was issued.

Mr. St-Laurent then referred to a letter he had received from the United Kingdom High Commissioner conveying a message from the Prime Minister of Great Britain in which Mr. Attlee had expressed concern about the publicity given to recent statements by Mr. Gardiner at Brantford, Ontario, and in the House of Commons on the last day of the session. Mr. St-Laurent pointed out that these statements were being used by the political opponents of the present administration in the United Kingdom, and expressed regret that anything said by a Member of the Canadian Government should be so used.

In reply to a query by Mr. Gardiner, Mr. St-Laurent said that he did not think it would be helpful to make any explanatory speech, or indeed any different speech at all, at this time, but suggested that every care be exercised to avoid saying anything which could be misrepresented or misconstrued.

In response to a further observation by Mr. Gardiner, Mr. St-Laurent said that he understood Sir Alexander Clutterbuck had been present at the sessions of the recent

Agricultural Conference and had reported favourably to his government on the statement Mr. Gardiner had made at that conference.

J.W. PICKERSGILL]

7^e PARTIE/PART 7

EXPORTATION DE BLÉ ET D'AUTRES ALIMENTS
EXPORT OF WHEAT AND OTHER FOOD

652.

DEA/50013-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 15

London, January 4, 1949

SECRET

Following for Pearson from Robertson, Begins: Reference your telegram No. 2186 of December 31st.⁵⁶

1. My talk with Cripps on Friday morning turned out to be pretty general and inconclusive. He reviewed the considerations which other United Kingdom spokesmen had already put forward about the difficulties they found in meeting our counter-proposals in respect of quantities and prices for 1950-51 and 1951-52. In general I felt afterwards that we had been perhaps arguing at cross purposes, since he spent more time explaining the impossibility of the United Kingdom taking war-time peak quantities of foodstuffs from Canada than in meeting the immediate practical problem of a fair deal on wheat. He said, however, that he was meeting to discuss the whole question with the Cabinet Committee on Economic Policy on Monday, to prepare their reply which would be communicated to you through Clutterbuck. It was left that Wilson-Smith would get in touch with me again before instructions were actually sent to Clutterbuck.

2. When I saw Wilson-Smith this morning he told me that yesterday's meeting of the Ministers was presided over by the Prime Minister, attended by Cripps, Bevin, Morrison, Aneurin Bevan and Strachey (Noel-Baker being still in Greece). They came to the conclusion that they could not agree to the quantities and prices we had proposed for the two contingent post-contract years. I gathered that in general they find commitment in respect of quantities more difficult than commitment in respect of prices, and that though they might go some distance to meet us under both heads, their new suggestions might fall seriously short of our view as to what is reasonable. I told Wilson-Smith, and have since expressed the same opinion to the Commonwealth Relations Office, that I thought the United Kingdom would be well advised at this stage in the discussions to concede on their own initiative that their

⁵⁶ Volume 14, Document 706.

counter-proposals in respect of quantity and price might not strike the Canadian Government as a fair and reasonable settlement of the "have regard to" obligation,⁵⁷ and that they should of their own motion offer to forego drawing such part of the outstanding Canadian credit as might seem required to supplement their present offer in a full and mutually satisfactory settlement of the "have regard to" obligation.

3. It seems to me that the question of further drawings on the credit would inevitably be raised in our Cabinet if the United Kingdom counter-proposals fell appreciably short of our last offer, and that the general discussions could proceed in a less fractious spirit if the United Kingdom took the initiative of recognizing this relationship at this time.

4. They can make quite a good case on its merits against the continuing commitment to take 140,000,000 bushels of wheat through 1951-52, particularly on the eve of new negotiations for an International Wheat Agreement. They can also argue with some plausibility that \$1.55 is a fairly high floor price to project four years forward, but in stating their case on these points they are apt to overlook the political importance of cleaning up the "have regard to" obligation in a tidy and mutually satisfactory way. Ends.

653.

DEA/50013-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*
*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 23

London, January 4, 1949

TOP SECRET

Following for Pearson from Robertson, Begins: Reference my telegram No. 15 of January 4th.

1. I understand that Clutterbuck's instructions have now gone forward as approved by the Cabinet Committee yesterday, and that my last-minute representations, as reported in my telegram under reference, have been ineffective. I have not in fact been shown Clutterbuck's instructions, so cannot confirm my guess that they fall sufficiently far short of meeting our proposals as to make my suggestion that the British themselves raise the possibility of their foregoing some appropriate part of the credit a reasonable or realistic one. This is, of course, a matter of judgement and primarily of their judgement, and they appear to think that their counter-proposals do represent a reasonable settlement of the "have regard to" obligation.

⁵⁷ Pour la discussion antérieure de cette clause de l'accord anglo-canadien sur le blé de 1946, voir le volume 14, chapitre VII, partie 6.

For previous discussion of this clause in the Anglo-Canadian Wheat Agreement of 1946, see Volume 14, Chapter VII, Part 6.

2. I was not very happy about the press statement attributed to Strachey this morning, in which he is quoted as being hopeful that a mutually satisfactory agreement on wheat could be announced in a few days, but we for our part have not been above reproach in the matter of interim and unhelpful press statements at your high level, so I did not feel I could press the matter very vigorously with the Commonwealth Relations Office. Ends.

654.

DEA/50013-40

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], January 6, 1949

After the Cabinet meeting yesterday afternoon, I asked Sir Alexander Clut-terback to come and see me and told him that the Government had been giving some preliminary consideration to the United Kingdom counterproposal on wheat which he had stated to me orally earlier in the day.

I told him that, irrespective of our attitude towards amounts and prices, we could not consider the change from optional arrangements for 1950-51 and 1951-52 to a firm price for those years. I added that our first reaction was that the United Kingdom counterproposal, largely because of the inclusion of this new element, was even less attractive to us than the proposal which had been made in London and which Mr. Gardiner had rejected.

Sir Alexander, who was accompanied by Sir Andrew Jones, seemed surprised and somewhat puzzled by our attitude as he said that he had learned from Department of Agriculture sources here that this change would commend itself to the Canadian Government. I admitted to Sir Alexander that Mr. Gardiner had not been present at the Cabinet meeting, but said that I would be very surprised indeed if our Minister of Agriculture's reaction was different from that which I had just expressed. The Deputy Minister of Trade and Commerce, who was also present, said that he felt sure that Mr. Howe would also share the opinion that I had expressed.

I then asked Sir Alexander to put the United Kingdom counterproposal in writing as I wished to make sure that we had the exact information concerning it. He is doing this.⁵⁸

The High Commissioner then explained that the quantities suggested (120 million bushels for 1950-51 and 100 million bushels for 1951-52) were, in the opinion of the United Kingdom authorities, entirely reasonable as was the price suggested, and that they could not consider as accurate the figures which I had given to him (and which had been given to me by the Minister of Agriculture) for

⁵⁸ Note de bas de la page du document original:

Footnote in original document:

Sir Alexander's note is attached herewith.

average shipments from Canada to the United Kingdom covering the prewar years. I said that these figures had been sent hurriedly without an opportunity for checking them, but that in any case our argument did not rest mainly on them.

There is no doubt that we are reaching a very difficult stage in our wheat negotiations with the United Kingdom and that our difficulties are increased by the vulnerability of our position vis-a-vis the United States. The United Kingdom know, of course, that our capacity to bargain with them in this matter is lessened by the fact that any arrangement we make with them must be, in principle if not in detail, acceptable to the Americans: otherwise, the Americans can make the arrangement null and void by refusing to allow E.C.A. funds to be used in Canada for purchases under it. The United Kingdom can be expected to use this situation to strengthen their own position. Therefore, it may suit their purpose to sit back and make no further wheat offer at this time, on the assumption that the logic of events will force us substantially to meet their terms. The only effective wheat card we have to defeat this game, if it is played, would be the threat to rescind the wheat contract immediately and sell wheat in the open market for what we can get. I am assured by Mr. Gardiner (with whom I spoke this morning) that, if no satisfactory price arrangement is reached by the middle of January for 1950-51, we are not breaking faith in any way if we end the wheat agreement under these conditions. However, there are strong arguments against taking this course. It would, of course, mean that we would get more for our wheat immediately, but we would throw away long term market security and stability as well as forfeit any "have regard to" rights, and thereby make it almost impossible to refute the argument which would certainly be used by our opponents that our whole wheat policy has been wrong all along and has ended in disaster.

My view is, therefore, that, if the United Kingdom will not accept our recent offer and we do not wish to end the wheat contract, we must make another offer to the British as soon as possible. If so, there are three courses open to us, as I see it:

1. to persuade the British to accept a proposal for \$2. for 1949-50 and the optional proposals for the subsequent two years to cover, say, 120 million bushels of wheat at \$1.55 or \$1.50;

2. to establish a \$2. price for 1949-50 and leave the "have regard to" obligations to be determined later; or

3. some combination of 1. and 2. with the British giving up \$100,000,000 or so of the loan, which could then be used for any purpose we desire.

I feel that it is of the very greatest importance that while we are talking to London on this subject we also talk to Washington. We will have to discuss our wheat negotiations with the Americans in any event and we should not permit the United Kingdom to anticipate us in this regard. The attached disturbing telegram from London [No. 33]† indicates that discussions between the United Kingdom and the United States on our wheat negotiations have, in fact, already taken place. We certainly cannot, to say the least, expect the United Kingdom to put the case for a successful outcome of these negotiations as strongly as we could ourselves.

Furthermore, these wheat discussions are merely one aspect of the whole question of economic relationships not merely between the United Kingdom and Can-

ada, but also between the United States and Canada. Those relationships with our neighbour would be seriously endangered if the United States took any action to make impossible a satisfactory wheat arrangement with the United Kingdom. To prevent this, I think the time has come to have serious discussions on the highest political level in Washington on Canadian-United States economic and political questions. It seems to me that our best chance of a favourable United States reaction to any plans which we may have for safeguarding our own position, is to explain our difficulties and our objectives, frankly and in language they will understand, to the top people in Washington. If the United States wish us to cooperate with them both economically and politically, they will have to show some realization of these difficulties, and some interest in these objectives. On the face of it, we seem to be in a very favourable statistical position and, for this reason, United States officials not especially concerned with the political aspect of questions, will insist that we should make greater "sacrifices" for European recovery. In my view, we must get completely away from this approach. This, however, will require high-level political rather than official talks. If we wish those talks to be as successful as they should be, we should link up wheat and E.C.A. questions with questions concerning cooperation in other fields, such as defence, Atlantic security, the United Nations, the St. Lawrence Waterway, etc.

I mentioned this subject yesterday in Cabinet and I think it is one that should be given most serious and immediate consideration.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Note du haut-commissaire pour le Royaume-Uni

Memorandum from High Commissioner of United Kingdom

SECRET

Ottawa, January 6, 1949

WHEAT PRICE 1949-50

United Kingdom Ministers have carefully considered the proposals put forward by the Canadian Government in the message communicated by the Canadian High Commissioner in London to the Chancellor of the Exchequer on the 24th December.

2. As regards *quantity*, United Kingdom Ministers feel that the request that this should be increased to 140 million bushels in the two options raises extreme difficulty, for the following reasons:—

(1) Total United Kingdom requirements of wheat and flour may be taken to be of the order of 220 million bushels of wheat. Of this quantity it is hoped to obtain 60 million bushels from Australia, and 20 million from other non-dollar sources of supply. If we were committed to obtain the whole of the remaining balance of 140 million bushels from Canada, not only would our supply programme be deprived of any margin of flexibility but we should be placed in a very difficult position in relation to any International Wheat Agreement. Indeed, the effect would be that we should be virtually contracting out of the Agreement for a period of three years.

This would be likely to meet strong objection from the United States, and the prospects of securing a satisfactory International Agreement might be fatally prejudiced.

(2) It is vitally important to us (and also, it is suggested, to Canada) that our wheat supplies from Canada should continue to be secured by off-shore purchases under E.R.P. An International Agreement would guarantee the Americans a market for an agreed quantity of wheat but it would not guarantee a price above the floor price. If the United Kingdom import programme were to be wholly committed in advance as in (1) above, and given also a continuance of heavy crops in the United States, it might well be that the Americans would be compelled to accept very low prices for any wheat that was not covered by E.C.A. finance. In such circumstances the strain on the off-shore purchase system would clearly be insupportable.

(3) The conclusion is unavoidable that if we are to be assured of a continuance of E.C.A. finance for off-shore purchases of wheat from Canada, the quantities *to which we are committed in advance* must, in order to be proof against criticism from the United States standpoint, bear reasonably close relation to the pre-war volume of supply. During the years 1921–38 inclusive the average United Kingdom retained imports of wheat and flour from Canada were substantially less than 100 million bushels in terms of wheat equivalent. Hence the insertion of the figure of 100 million bushels in the United Kingdom proposals, as the maximum figure likely to be acceptable from the standpoint of E.C.A. finance. The adoption of this figure would not of course mean that the United Kingdom would not in practice take more than 100 million bushels in any circumstances; it would, however, mean that the United Kingdom would not be committed in advance to take more than 100 million bushels, and that the question of filling the balance of its import requirements would be left to be determined in the light of supply and financial conditions at the time.

3. As regards *price*, on this head too the proposals of the Canadian Government raise serious difficulty. The price of \$1.40 suggested by the United Kingdom Government in the two options is above the floor proposed in the draft International Wheat Agreement. To increase this price to \$1.55 would raise it still further above the floor and would indeed introduce a new conception into the options.

The options were devised, in an effort to meet the Canadian Government, with the object of putting Canadian farmers in a specially favourable position compared with other producers by giving them a guaranteed floor price in the years in question higher than the floor proposed in the draft International Agreement. At the same time Canadian hands are not tied in any way. There is nothing to prevent Canada from seeking to sell at higher than the floor price, and indeed there is no commitment on Canada's part to sell to the United Kingdom at all. Thus the options are heavily weighted in Canada's favour, the United Kingdom obligating herself to buy at a specially favourable floor price if Canada requires her to do so, but being left in a position of complete uncertainty as to her forward supply position.

To advance the proposed floor price to \$1.55 would weight the options still more heavily in Canada's favour while leaving the United Kingdom in the same

position of uncertainty. Moreover, a *floor* price of \$1.55 would be wholly out of line not only with the contemplated floor prices in the International Wheat Agreement, but also with any realistic estimate of world supply prospects in eighteen months' time.

4. In these circumstances United Kingdom Ministers feel that, if difficulties are seen in the proposals communicated to Mr. Gardiner in London, a solution might best be found in an alternative line of approach.

For the reasons stated they fear that there would be serious risk of difficulty with the United States over the provision of E.C.A. finance if the quantities envisaged were to be in excess of 100 million bushels. In order, however, to meet the Canadian Government they would be prepared, if what follows is acceptable, to agree to a figure of 120 million bushels for 1950-51 while leaving the figure of 100 million for 1951-52, and they would do their utmost to justify these figures to the E.C.A. If an increase in price to \$1.55 is desired, it is clear to United Kingdom Ministers that this could only be justified and defended to E.C.A. and to other signatories of the proposed International Wheat Agreement if the proposal was not an entirely one-sided one, related only to a floor price, but carried with it an obligation on the part of Canada to sell as well as an obligation on the part of the United Kingdom to buy. Even so, while they would be prepared on this basis and in order to achieve a settlement, to envisage a price of \$1.55 for 1950-51, they do not feel that they could reasonably go further than \$1.45 for 1951-52 when the supply position may be expected to be very substantially easier.

5. Accordingly they would urge on the Canadian Government the merits of a settlement on the following lines, the proposition to be considered as a whole:—

(1) Payment of \$2.0 for 140 million bushels in 1949-50, the last year of the existing Agreement.

(2) A firm commitment on the part of the United Kingdom to buy, and on the part of Canada to sell, 120 million bushels in 1950-51 at a price of \$1.55.

(3) A firm commitment on the part of the United Kingdom to buy, and on the part of Canada to sell, 100 million bushels in 1951-52 at a price of \$1.45.

(4) Recognition that on the above basis the obligations of the "have regard" clause in the existing Agreement will be fully satisfied.

[ALEXANDER CLUTTERBUCK]

655.

DEA/50013-40

*Note de l'ambassadeur aux États-Unis
au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Ambassador in United States
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], January 8, 1949

The Prime Minister yesterday afternoon, after discussion with Mr. Pearson and myself and a telephone conversation with Mr. Gardiner, asked Sir Alexander Clutterbuck to see him about the wheat contract. He requested Clutterbuck to propose

urgently to his Government that a settlement should be arrived at at once on the basis of a price of \$2.00 for the 140 million bushels to be delivered in 1949-50. The negotiations for a further settlement under the "have regard to" clause would be postponed until some convenient time in that crop year. Mr. St. Laurent supported this proposal by the following arguments, among others.

(1) It would permit immediate announcement of the reopening of the U.K. credit, which had become very urgent from the point of view of E.C.A. in Washington.

(2) It would not prejudice in any way the outcome of the International Wheat Conference opening on January 24th, whereas any extension of the contract specifying quantities and prices (whether firm or as floor prices) might be regarded as affecting the prospects of an International Wheat Agreement.

(3) It would postpone the issue probably until after the elections in Canada.

(4) It would remove the most serious outstanding controversy with the U.K. about the imports from Canada, and if this controversy were not removed, it would be impossible for the Canadian Government simultaneously to extend credit to the U.K. and to complain that they were being unfairly treated by the U.K.

The Prime Minister went on to urge the importance of settling this difference for broader reasons of policy so as to permit the two governments to continue to work together harmoniously in many fields. Clutterbuck said that he would submit the matter urgently to his government. Later Mr. Pearson spoke to Mr. Robertson on the telephone and told him of the proposal. Mr. Robertson said that he would seek to see Sir Stafford Cripps this morning and press him strongly to accept the proposal at once. In the course of the evening, Murray of the Washington Embassy telephoned to tell me that he had just heard from Mr. Strange of E.C.A. that a meeting of senior officials had been held yesterday afternoon in Washington to discuss these wheat negotiations, which was attended, among others, by Dr. Fitzgerald of E.C.A., Mr. Nitze of the State Department and Mr. Loveland, Under-Secretary of Agriculture. At this meeting very grave concern had been expressed about the effect on the International Wheat Conference of any commitment extending the Canadian wheat contract beyond the next crop year. The meeting had concluded that urgent representations should be made both in Ottawa and London. Apparently some information about the U.K. offer and our counter-offer for the two following crop years had reached Dr. Fitzgerald. I informed Murray of the proposal put to Clutterbuck and told him that he should tell Strange at once that we submitted a proposal to the British Government, which involved no commitment on quantity or price beyond the year 1949-50. Murray added that Strange had told him that the \$2.00 price for 1949-50 would not cause them any special concern in Washington, presumably on the ground that it would be below their support price for the next U.S. crop.†

I have this morning told Mr. M.W. Mackenzie and Mr. Deutsch about these discussions yesterday.

H[UME] W[RONG]

656.

DEA/50013-40

*Le haut-commissaire pour le Royaume-Uni
au premier ministre*

*High Commissioner of United Kingdom
to Prime Minister*

SECRET

Ottawa, January 12, 1949

My dear Prime Minister,

Wheat Price 1949-50

I reported at once to my Government the proposal which you put to me at our meeting on Friday, and I am happy to say that I have now been authorised to inform you that they are ready to agree in all the circumstances, and especially in view of the representations made by the United States authorities both in Washington and London, to leave the matter as you suggested.

It seems to United Kingdom Ministers that the following points arise:—

(1) Bearing in mind the terms of Article 7 of the Canadian/United Kingdom Wheat Agreement, Ministers regard it as very desirable, and they feel sure that the Canadian Government will agree, that we should take such steps as are possible to avoid having representations made by any of the Governments who will be represented at the forthcoming International Wheat Conference to the effect that, whatever may be the ceiling fixed for the purposes of the International Wheat Agreement (should one be negotiated) the Canadian price must be brought within that ceiling for the crop year 1949-50.

(2) In this connection my Government have in mind particularly the attitude of the other importing countries some of whom have already expressed interest in the price likely to be fixed for the fourth year of the Canadian/United Kingdom Agreement. Under the draft International Wheat Agreement of 1948 the other importing countries would have taken 320 million bushels out of the total of 500 million bushels and Canadian wheat to the amount of up to 90 million bushels would have gone to them. It is evident therefore that, if there is to be an International Wheat Agreement, the other importing countries will wish to feel that their freedom to negotiate ceiling and floor prices has not been prejudiced by the fixing of a \$2.00 price for the last year of the Canadian/United Kingdom Agreement, and it seems to United Kingdom Ministers that the only way in which this can be assured is for the two Governments now to say plainly that, if prices under an International Wheat Agreement differ in 1949/50 from \$2.00, this will subsequently be taken into account in making a final settlement of any balance of the United Kingdom obligation under the "have regard" clause.

(3) At one stage during the discussions with Mr. Gardiner in London the Canadian representatives handed to the United Kingdom representatives for consideration some pro forma clauses for an agreement of the kind we are now contemplating. These clauses are contained in the minutes of the meeting held at Montagu House on the 14th December. It is not suggested that there should be any

formal document of the kind then contemplated, but Ministers regard it as important that the two Governments should agree upon a joint announcement which will make it plain that United Kingdom agreement to pay \$2.00 in 1949-50 will in certain circumstances be taken as having at least partly settled our "have regard" obligation. I enclose for your consideration a suggested text for such an announcement, which incorporates some part of the wording proposed by the Canadian representatives on the 14th December.

Accordingly, with the foregoing considerations in mind, I am asked to inform you that the United Kingdom Government agree to a price of \$2.00 a bushel for 1949-50 and to your proposal that the question of liquidating the "have regard" clause should be left over for further discussion during 1949-50, on the understanding that both Governments make as plain as possible what they are doing by issuing simultaneously an announcement on the lines suggested above.

In this connection I have been instructed to add for the record that the United Kingdom Government do 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" obligation. Accordingly, in the later negotiations, when the matter comes up again, they will hope to be able to reach agreement to link final liquidation of our obligation under the "have regard" clause, if any still remains, with the further purchases of wheat which we shall no doubt desire to make from Canada in subsequent years. In order to prevent any possible misunderstanding on this point I am asked to make it clear 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.

The next step is to agree upon the wording of a simultaneous announcement, and I should be most grateful if you would let me know whether the draft announcement enclosed is acceptable to you. It will of course be necessary to clear the agreed draft with E.C.A. before the announcement is issued by the two Governments, and I am in consultation with our representatives in Washington with a view to their standing ready to take this up immediately agreement on the wording has been reached between us.

Yours sincerely,

ALEC CLUTTERBUCK

[PIÈCE JOINTE/ENCLOSURE]

Ébauche

Draft Text

SECRET

DRAFT ANNOUNCEMENT FOR ISSUE SIMULTANEOUSLY BY THE CANADIAN AND UNITED KINGDOM GOVERNMENTS AFTER CLEARANCE OF TEXT WITH E.C.A.

Representatives of the United Kingdom and Canadian Governments have had discussions on the price to be paid by the United Kingdom for Canadian wheat in

1949/50, the fourth and final year under the United Kingdom-Canadian Wheat Agreement of 1946. After taking into account all relevant considerations, including the United Kingdom obligations under Clause 2(b) of the Agreement, the two Governments have agreed upon a price of \$2.00 per bushel.

The two Governments have also agreed that their representatives shall meet not later than 31st July, 1950, to settle any obligations of the United Kingdom which may then still be outstanding under Clause 2(b) of the Agreement. The extent to which any such obligations will remain will depend largely upon the actual prices ruling for wheat during 1949/50. Further, in the event of an International Wheat Agreement operating in 1949/50, the two Governments are agreed that any excess of the price of \$2.00 over the average price for wheat falling under the International Wheat Agreement shall be taken into account in the final settlement.

657.

PCO/Vol. 105

*Le premier ministre
au haut-commissaire pour le Royaume-Uni
Prime Minister
to High Commissioner of United Kingdom*

SECRET

Ottawa, January 13, 1949

My dear High Commissioner:

I have considered with my colleagues your letter of the 12th instant and the annexed draft of announcement regarding the wheat price for the crop year 1949-50.

With regard to the points numbered (1) and (2) in your letter, the Canadian government is in agreement. As for the point numbered (3) our government is pleased that the United Kingdom government agrees to a price of \$2.00 per bushel on the understanding that the question of additional consideration under the "have regard to" clause should be deferred for settlement during 1949-50. We have noted that the present view in the United Kingdom is that they would prefer to link settlement of any obligation under the "have regard to" clause with further purchases of wheat in subsequent years rather than have to make a further cash payment in respect of any of the wheat delivered under the 1944 agreement.

We hope it may be possible when we come to discuss a final settlement to find one mutually satisfactory which would relate to future purchases, but as the essence of this present agreement is to leave open the matter of the final adjustment of whatever may be the obligations outstanding under the "have regard to" clause, we wish that reservation to remain quite unqualified.

As for the draft announcement, we suggest that the second sentence of the first paragraph be amended to read:

"After taking into account all relevant considerations, but without attempting to reach a final settlement of the United Kingdom obligations under Clause 2(b) of

the agreement, the two governments have agreed upon a price of \$2.00 per bushel."

We suggest further that the final sentence should be amended to read as follows: "Further, whether or not an International Wheat Agreement is in operation during 1949-50, the two governments are agreed that any difference between the price of \$2.00 per bushel and the average price at which Canadian wheat is sold for export outside the contract shall be taken into account in the final settlement."

Subject to these amendments, which have been included in the draft annexed hereto,† we are prepared to issue the joint statement, and to regard it as expressing the terms of our agreement.

Yours sincerely,

LOUIS S. ST-LAURENT

658.

PCO/Vol. 105

Le ministre de l'Agriculture au premier ministre
Minister of Agriculture to Prime Minister

SECRET

Ottawa, January 18, 1949

Dear Mr. St. Laurent:

In the letter under date of January 12th which you received from Sir Alexander Clutterbuck, and in the paragraph numbered (3) of that letter, it is stated: "At one stage during the discussions with Mr. Gardiner in London the Canadian representatives handed to the United Kingdom representative for consideration some pro forma clauses for an agreement of the kind we are now contemplating. These clauses are contained in the minutes of the meeting held at Montagu House on the 14th December."

In my memorandum dated December 22nd reporting to Council upon my negotiations with the British Minister of Food, Mr. Strachey, and the Chancellor of the Exchequer, Mr. Cripps, on page 3 I referred to what is here called some pro forma clauses for an agreement. On page 3 of the document I referred to these clauses in these words: "Before going to that meeting we drew up a statement which I would be guided by in discussing the matter with Mr. Strachey and his officials. It reads as follows:—

1. The loss calculated on the difference between the Fort William price of wheat delivered to the United Kingdom and that delivered to other countries is \$1.08 a bushel averaged over two years on 320 million bushels of wheat. In addition to this, there would be a difference on wheat delivered in the third year.
2. We are prepared to agree that more than half of the claims on that basis cannot be justified, and that a dollar a bushel on 140 million bushels in 1949-50 might be considered a reasonable basis from which to discuss a reasonable settlement.

3. We are prepared to agree that the dollar a bushel be calculated from the actual price at which wheat could be marketed in other countries whether that price is above or below two dollars a bushel. This would limit the amount for which the United Kingdom is liable.

4. The above is only intended to indicate the steps by which we reached our conclusions to the effect that we are prepared to accept two dollars a bushel basis No. 1 Northern Fort William as a payment for our wheat in 1949-50 provided the final settlement of clause 2 (b) in the contract is made in accordance with the plan set out in #3 above.

5. If it were not agreeable to provide for a settlement as outlined above, we are prepared to accept \$2.50 a bushel for the 1949-50 crop as a final settlement of the United Kingdom's obligations assumed under 2 (b) of the July 24, 1946, contract."

I wish to state that after returning from the meeting at which I handed to Mr. Strachey a copy of the notes which I myself was using I re-drafted the four points in order to make them a little better understandable to others and more in conformity with the nature of the discussion which took place.

In view of the fact that this document has been referred to in the letter which may become part of future discussions, I think it important that there should be on the file a memorandum in the same words as that which I presented to Mr. Strachey at the time. The document was as follows:—

"1. The loss is \$1.08 a bu. average over two years on 320,000,000 bu. of wheat. This is made up of the difference between Ft. William price of what we sold the United Kingdom and what we sold others.

2. We are prepared to cancel more than half of it and agree that \$1.00 a bu. on 140,000,000 bu. delivered in 1949-50 would be taken as final settlement.

3. We are prepared to agree that the \$1.00 a bu. be calculated from whatever the price is which we are able to sell wheat to others for basis Ft. William in 1949-50.

4. We are prepared to accept \$2.00 a bu. basis Ft. William No. 1 Northern as the payment to be made by the United Kingdom for 140,000,000 bu. of wheat during the crop year 1949-50 on condition that a final settlement (*based upon the above*) is made at the end of the crop year.

5. If that is not satisfactory we agree to accept \$2.50 a bu. for 1949-50 crop as a final settlement of the arrangement entered into under Clause 2 (b) of the agreement."

I took some notes of the discussion that took place. They are written at the bottom of my copy in these words:

"During the discussion it was agreed that the first three statements numbered 1, 2, 3 merely set forth the reasoning by which we reached a conclusion and that the proposal is really stated in 4. The British suggested that "based upon the above" be eliminated.

Five was an alternative based upon discussions in farm organizations particularly United Farmers of Alberta before we left. This was not considered by the British and can scarcely be said to have been formally presented by us."

It will appear from this and the wording of the letter of Sir Alexander Cluttbuck of January 12th, 1949, that the notes numbered (1), (2) and (3) were eliminated as a part of any proposed settlement and that they are basing their proposed interim settlement on the proposal in (4) with the words "based upon the above" eliminated.

I repeat that I think it would be well to have this on the record.⁵⁹

Yours sincerely,

JAMES G. GARDINER

659.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, June 29, 1949

CHEESE; PERMITS TO EXPORT; U.K. CONTRACT

5. *The Minister of Agriculture* reported that the U.K. had been informed that cheese to cover the contract for 1949 would be delivered by the end of July or early August. There would be an additional 30 million pounds in excess of the contract, domestic requirements and the limited market available in the British West Indies.

In view of the provision in the agreement limiting exports of cheese, the U.K. had been asked whether they would be prepared either to purchase Canadian cheese in excess of the contract figure or to agree to the waiver of the limitation on exports. The U.K. had replied that it was impossible to say anything definite with regard to surplus cheese, and that they had no objection to the issuance of export permits for shipments to other markets of quantities of cheese not needed to ensure fulfilment of the U.K. contract.

(Telegram No. 1090, External Affairs to Canadian High Commissioner, London, June 16; † telegram No. 1300, Canadian High Commissioner, London, to External Affairs, June 23, 1949 †).

6. *The Cabinet*, after discussion, noted with approval the report of the Minister of Agriculture and agreed that immediate measures be taken to permit the issue of export permits for quantities of cheese not needed to ensure fulfilment of the 1949 contract with the United Kingdom.

⁵⁹ St-Laurent accusa réception de cette lettre le 21 janvier 1949 et fut d'accord que la version de Gardiner de sa discussion devrait faire partie du dossier.

St. Laurent acknowledged this letter on January 21, 1949, and agreed that Gardiner's version of his discussion ought to form part of the record.

660.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, August 17, 1949

AGRICULTURE; PURCHASE OF CANADIAN APPLES BY U.K. GOVERNMENT

8. *The Minister of Agriculture* said that, following Mr. Howe's visit to London last spring, the latter had announced that the British had agreed to set aside \$1,500,000 for the purchase of Canadian apples in 1949. It had been intimated at that time that the Canadian government might put up an equal sum to make it possible to export a larger quantity of surplus apples to the United Kingdom.

If this commitment were to be carried through, a total of \$3 million would be spent on Canadian apples during the current season. In view of the dwindling American market for B.C. apples and also because of higher than expected crops in both British Columbia and Nova Scotia, it was anticipated that this sum would not obviate the necessity of extending prices support to apple producers. It was therefore recommended that, in the circumstances, it would be advisable to increase the size of the British order and to that end match the \$1,500,000 proposed to be spent by the U.K. government by a Canadian contribution of \$2,500,000.

In preliminary discussions with U.K. negotiators, it had been intimated that the U.K. government would want to keep prices as low as possible in order to get maximum delivery for the money expended. Although there was some indication that B.C. producers would be prepared to reduce their prices, N.S. producers were apparently reluctant to take this step.

An explanatory note had been circulated.

(Department of Agriculture memorandum, Aug. 15, 1949—Cabinet Document 1008).†

9. *Mr. Gardiner* added that food prices would no doubt have to be lowered in the more or less distant future and that apples should logically be amongst the first commodities to be reduced in price.

10. *The Minister of Trade and Commerce* said that everything should be done to expedite the signing of this apple contract with the United Kingdom prior to the holding of the forthcoming tripartite discussions at Washington.

11. *The Prime Minister* suggested that Canadian apple producers should be informed that the government would be prepared to place an order of \$3 million provided producers would sell their apples at prices 20% lower than the last sale prices to the United Kingdom.

12. *The Cabinet*, after considerable discussion, agreed that negotiations be continued with U.K. representatives with a view to reaching an agreement at the earliest possible date on the basis that the U.K. expenditure of \$1,500,000 would be matched by an equal Canadian contribution, the tentative prices to be 80% of those

prevailing in the last (1946) Canada-U.K. contract for the purchase of Canadian apples.⁶⁰

661.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, November 8, 1949

...

U.K. IMPORT PROGRAMME; WHEAT

1. *The Minister of Agriculture*, referring to the discussion at the meeting of November 3rd, on a U.K. proposal to carry over a proportion of deliveries against this year's wheat contract into the next crop year, said that, after further discussion with the Minister of Trade and Commerce, he had no objection to this proposal.⁶¹

2. *The Minister of Trade and Commerce* said that no arrangements had yet been made, and the matter was still under discussion with U.K. authorities.

3. *The Cabinet*, after discussion, noted the remarks of the Minister of Agriculture and the Minister of Trade and Commerce on the question of deferring delivery of a proportion of this year's wheat contract until the next crop year.

662.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, December 21-22, 1949

...

EXPORTS TO THE UNITED KINGDOM; BACON; CHEESE

96. *The Minister of Agriculture* reported that, in negotiations for bacon and cheese contracts, the U.K. representatives had indicated that the United Kingdom did not require Canadian bacon to maintain the present ration. It had been made clear that the agreement to defer a portion of wheat purchases and transfer the dollar amount to bacon and other products had been to meet Canadian wishes. In agreements on bacon and cheese, the United Kingdom would not be willing to go higher than competitive prices from other sources. Their policy was definitely against any increase in price to the consumer or any increase in food subsidies.

⁶⁰ Le 24 août 1949 M. Bertrand, le ministre par intérim de l'Agriculture, rapporta au Cabinet que l'achat total, au prix de 3 millions de dollars serait réparti, comme suit: 72 p.c. à la Nouvelle-Écosse et 28 p.c. à la Colombie-Britannique.

On August 24, 1949 Mr. Bertrand, the Acting Minister of Agriculture, reported to Cabinet that the total purchase of \$3 million would be allocated with 72% to Nova Scotia and 28% to British Columbia.

⁶¹ Voir/See: Document 632.

Department of Agriculture information on bacon was that, after January 1st, 1950, the price of Danish bacon would be 217 shillings per long cwt. giving a landed cost of 221 shillings and 4 pence. To provide the same landed cost the price of Canadian bacon f.a.s. Canadian seaboard would be \$28.75 per cwt. In the negotiations, the U.K. representative had indicated that he was authorized to offer \$27.50 per cwt. which would result in a landed cost in the United Kingdom of 212 shillings. \$27.50 for bacon would mean a price of \$20.45 per cwt. for Grade A hogs at Winnipeg or \$15.35 live weight. The prevailing price, dressed weight, for hogs at Winnipeg was \$27.25 to \$27.50 per cwt. On the basis suggested by the United Kingdom, he thought it would be possible at present to get 3¢ to 4¢ per pound more by selling to the United States.

It had been proposed to the U.K. representative that, as the dollar cost was the principal consideration, the cost of shipping, which was in sterling, should not be included. With this in mind, it had been suggested that the price should be \$30.00 and that the Canadian Government should pay a subsidy of \$3.00 per cwt. so that the net reduction in price would only be \$3.00 per cwt. (from \$36.00 to \$33.00).

If this proposal were accepted, a six to nine months' programme might possibly be entered into and exports might be diverted to the U.S. market about July 1st or October 1st, 1950. It was not clear, however, whether the United Kingdom would be agreeable to such a programme as they had indicated a desire for a twelve-month arrangement calling for equal weekly deliveries over the entire period. On the basis of contract exports of about sixty million pounds, the proposed subsidy at 3c per pound would come to \$1.8 million. If agreement could not be reached on a price over 29¢, the cost to the Federal Government would be \$2.4 million. The subsidy arrangement could be justified on the grounds that a drop of 6-7¢ per pound in bacon prices would be catastrophic for producers and that the Government was accordingly absorbing approximately half for an interim adjustment period.

So far as shipment to the United States was concerned, it would at present be more profitable than an arrangement with the United Kingdom calling for anything less than \$30.00 per cwt. However, it would be undesirable to have hogs moving to the U.S. market at a time such as the present when U.S. production was at a maximum. It would be desirable to defer such movement until a later date.

In the case of cheese, the U.K. offer was based on the former price of 30¢ per pound, less adjustment to take into account the devaluation of sterling in terms of the Canadian dollar. The original U.K. offer had been 25¢ per pound. Canadian representatives had said that producers would expect 30¢ per pound but that 28¢ might be acceptable. It seemed probable that the best that might be done was to get the U.K. offer up to 25½¢. If a subsidy were extended for bacon as proposed, it would be difficult to refuse one for cheese. On the basis of a contract for eighty million pounds, the difference between 25¢ and 28¢ would amount to \$2.4 million.

97. *The Prime Minister* was of the view that, in considering proposals for subsidy arrangements on bacon and cheese, regard had to be given to pressure to have subsidies provided for other products such as butter, fish, and apples. The proposed price of 33¢ for bacon suggested a support level less than 10% under the peak

price. This was high and could be justified only as being for a transitional period. If agreed to, it should be limited definitely to a duration of six months.

98. *The Minister of Finance* stated that, in its agricultural policy dating from the wartime period, the Government was committed to some degree of price support. This did not, however, mean support at existing levels and consideration had to be given to what was a reasonable point at which to place a floor. If a bacon subsidy were given, it might be desirable to give further consideration to the freight subsidy being paid on feed grain.

99. *The Minister of Trade and Commerce* was of the view that general permits should be extended immediately and from this point forward for export of bacon to the U.S. As to the level of support, a price of 32¢ seemed preferable to 33¢ as providing more opportunity for export sales.

100. *The Cabinet*, after considerable discussion, agreed that:

(a) the Government undertake to purchase bacon up to the amount required to complete the contract under negotiation with the United Kingdom at a price such that the amount of contribution by the Federal Government per cwt. purchased would be 50% of the difference between the price as agreed with the U.K. for the contract amount and the price of \$36. per cwt. prevailing for the 1949 contract; such purchases to be limited to the period up to July 1, 1950, and to be so stated in any announcement of policy;

(b) the policy be initiated immediately of issuing general permits for export of bacon to the United States;

(c) further negotiations with United Kingdom representatives in respect of the contract for bacon be carried forward by the Minister of Agriculture; and,

(d) decision with regard to price and other arrangements for cheese be deferred for further consideration in January 1950.

8^e PARTIE/PART 8CONTRÔLE DES EXPORTATIONS À L'EUROPE ORIENTALE
CONTROL OF EXPORTS TO EASTERN EUROPE

663.

DEA/50001-40

*Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires par intérim en Tchécoslovaquie*

*Secretary of State for External Affairs
to Chargé d'Affaires ad interim in Czechoslovakia*

DESPATCH 10

Ottawa, March 3, 1949

SECRET

Sir:

With reference to previous correspondence concerning the export of strategic and critical materials from Canada to Czechoslovakia, the following information has been assembled in conjunction with the Department of Trade and Commerce, and outlines the manner in which export controls are at present being implemented.

2. The Department of Trade and Commerce exercises what is known as "area control", i.e., it is necessary to obtain an export permit in order to ship anything to countries in Europe and the Mediterranean area (with the exception of the United Kingdom and British possessions). The United States "A" and "B" lists referred to have been communicated to the United Kingdom and Canadian Governments, and I understand that similar, although less comprehensive lists have been communicated to a number of other countries, together with an invitation to follow a parallel policy. List "A" comprises items for which the United States will not grant permission for export to Eastern European destinations. List "B" comprises items for which permission to export will be granted only for limited quantities. There has, in the past, appeared to be some divergence between the United Kingdom and the United States policy with respect to the items which should be included in each of these lists.

3. Canada is following closely the United States policy with respect to the control of strategic materials to Eastern European destinations. At the present time a new United Kingdom list is being checked against the United States list with a view to measuring the divergence of opinion between the controls being operated in the two countries. No approvals have been given in recent months for the export from Canada of any items on the United States "A" list, and only limited quantities of items on the "B" list have been approved. Indeed, we have gone one step further and denied permits for non-ferrous metals such as nickel, zinc, lead, copper and aluminium, which are included in neither "A" nor "B" list.

4. Canadian approval of items on the "B" list has been guided, to a certain extent, by the importance of the particular export to the Canadian manufacturer. For example, approval was recently given for the shipment to Czechoslovakia of synthetic

rubber, as it is important that the Polymer Corporation maintain its production. On the same ground, approval was recently given for the shipment to the Soviet Union of general purpose lathes, such as are used in garages and small machine shops. This order will keep the Modern Tool Works, Limited of Toronto in active production for the balance of 1949. Approval was also given for the shipment to Czechoslovakia of four boring mills of a type smaller than the mills referred to in the United States "A" list. In this instance the firm was John Bertram and Sons, Limited which very definitely needs the business to keep in production.

5. Generally speaking, all applications with respect to materials of United States origin, as well as materials having a direct war application are refused. However, it is proposed to discuss with United States officials during the present month, the question which has arisen concerning an application for permission to ship Polystyrene molding compound to Czechoslovakia. The chances are better than ten to one that this molding compound would be used for the manufacture of imitation jewelry and other plastic novelties. There is however, a possibility that it might be used for the manufacture of non-magnetic land mines, and accordingly applications already made have been refused. Such refusal, however, presents a difficult problem because Canada is in surplus production, and we know that within the next few months the United Kingdom and Brazil will be producing molding compound. If we continue to refuse permission for the export of this commodity there is every reason to believe that one or other of these countries will fill the orders.

6. At the present time, as you will note, the situation is still somewhat fluid and each application is, in theory at least, dealt with on its own merits so far as Canada is concerned. It should however, be possible within the next few months to prepare a firm Canadian list of items which will not, under any circumstances, be approved for export to certain countries, as well as a firm list of items which will be approved only in limited quantities. However, it will probably be desirable to retain a certain amount of discretion at all times in order to ensure that the control of the export of strategic materials from Canada reflects as closely as possible Canadian policy derived from political, economic and strategic considerations.

7. We have avoided any statement with respect to the above mentioned control restrictions. The mere fact that such lists exist had not been admitted in the United States until a few days ago, when a statement was made before a Congressional Committee which inferentially revealed that these lists had been established. Likewise, in reply to a question in the British House of Commons, the answer given was to the effect that the export of strategic materials was carefully scrutinized.

8. I am sending copies of this despatch to London, Washington, Warsaw, Belgrade, Moscow and the Canadian Permanent Delegate in New York.

I have, etc.

L.B. PEARSON

664.

DEA/50001-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3001

Washington, October 29, 1949

SECRET

Willis Armstrong, Deputy Chief of the Economic Resource and Security Policy staff of the State Department, who was in Ottawa recently with the United States group discussing security export controls to Eastern Europe, told [R.E.] Collins yesterday of possible developments in which we may be interested. Perkins, Assistant Secretary for European Affairs, who has been chairing the meetings of the International Working Group in connection with North Atlantic Treaty Organization, has just returned from the meeting of United States Heads of Missions in London and will probably give a general report to the Working Group at its next meeting on Wednesday, November 2nd, in the course of which he intends to make a reference to the importance of export controls in regard to Eastern Europe. The purpose behind this is to attempt to tie such controls in with the general obligations of the North Atlantic countries under the Treaty, (though not with the Treaty Organization), and build up suitable pressure to bring the Dutch and Belgians into line, since these two countries are apparently thought to have been dragging their feet in this respect. It is connected with an informal meeting of the major European countries to discuss export controls on November 14th, to which the United States has been invited.

2. If present plans are carried out, Perkins is expected to ask the representatives on the Working Group of Canada, France, Italy, Norway and the United Kingdom to a private session on Tuesday at which he will explain the problem, and to suggest that some expression of support for his statement at Wednesday's meeting would be appreciated. He may also suggest that diplomatic representations, as appropriate, might be made by the interested Governments to the Netherlands and Belgium before November 14th, pointing out the importance that is attached to uniform procedure on applying export controls to Eastern Europe.

3. We shall probably not know until some time on Monday whether Perkins will actually follow the tactics suggested above. In order that we may be prepared, however, I should appreciate any comments you would like to make on the attitude we should adopt in the event that a general reference is made to export controls at Wednesday's meeting.

665.

DEA/50030-A-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2660

Ottawa, November 1, 1949

SECRET

Your WA-3001, October 29. Export Controls to Eastern Europe. Following from MacKay.

1. We have discussed your telegram with Bull of Trade and Commerce who says that Trade and Commerce is quite in sympathy with the objective of bringing the Dutch and Belgians into line. Plumptre, who is now in Washington, was a member of the Committee which was discussing this problem here and is generally familiar with it. I suggest you consult Plumptre and if convenient he might attend the meeting. If Plumptre or you wish clarification I suggest you get in touch with Bull by telephone.

2. We might have some doubt about the desirability of using Atlantic Treaty Organization to co-ordinate export control policies in general but in the absence of precise proposals from the U.S. authorities we are not raising objections at this stage although it would be wise to bear this possible doubt in mind in any discussion of the proposal.

666.

DEA/50030-A-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3031

Washington, November 2, 1949

SECRET

My WA-3001 of October 29th. Export controls to Eastern Europe.

2. Perkins called the special meeting yesterday mentioned in paragraph 2 of my WA-3001. He said that the purpose was to discuss means of working out a uniform approach to the control of 1-A items, and that this group (representatives of Canada, France, Italy, United Kingdom, United States) had been brought together because the countries represented appeared to be ready to cooperate in this field. There had been some thought that this was really a question which should be dealt with under the North Atlantic Treaty, since it was fundamentally related to the common defence of the area rather than to purely economic considerations, and he wanted to have our reactions to this idea. He referred to his recent meeting in London with heads of United States Missions and said that all those from Eastern

Europe agreed that even the limited embargo which had been imposed, had been very useful, especially in forcing the satellites to turn to the U.S.S.R. for equipment which the Soviet economy could not deliver.

3. Perkins also explained that the NAT countries could take the lead in this matter since they were the most important, only Germany, Austria, Sweden and Switzerland being outside the group. He did not think that dealing with export controls under the Treaty would, in fact, prejudice the case in terms of eventual participation of non-Treaty countries, since it appears most unlikely that either Sweden or Switzerland would agree formally or publicly to come into the scheme, although they might very well in practice find means of following the example of the other European countries.

4. The immediate problem according to Perkins, is to get all the Treaty countries to present a common front, and it was partly because of the lack of complete cooperation to date by the Belgians and Dutch, and because of the impending meeting of the major European countries in Paris on November 14th to carry on further discussions of control procedures that he was raising the question at this time and suggesting the advisability of relating it in some way to the Treaty. The Belgian and Dutch aspect might be dealt with by raising the question at today's meeting of the Working Group, and also perhaps by individual diplomatic representations from other Treaty countries.

5. Ignatieff said that while he was sure the Canadian Government was fully sympathetic with the objectives of export control concerned, he personally had some doubts regarding the advisability at this time of bringing export controls formally under the machinery of the Treaty although it might be possible for parties to the Treaty to consult informally on this question. With reference to Perkins' suggestion regarding diplomatic representations to Belgium and the Netherlands, he said he thought it would probably be inappropriate for Canada to be associated with such a step, since we were not involved in the Paris discussions.

6. Hoyer-Millar for the United Kingdom pointed out that if export controls were put under the Treaty organization this would be the first instance of NAT machinery being used for other than purely defensive purposes. Export controls of the type involved in the I-A list were obviously directed against specific countries, and as we had been very careful up to now to give no grounds for the contention that the Treaty had any aggressive character whatever, association of such controls with the Treaty might expose us to undesirable criticism. Perkins rather weakly proposed that the way around this might be to present the controls as applying to any countries outside the North Atlantic area, in the interests of common defence. Hoyer-Millar then went on to suggest that export control problems might well be discussed informally within the context of the Treaty by an ad hoc body such as the Working Group. This would provide a means for "gingering up the laggards" while leaving the actual machinery for operating the controls outside the Treaty organization.

7. With reference to the question of Belgium and Holland, there was a good deal of discussion of the best tactics to be adopted. The United Kingdom view seemed to be that the preliminary discussions among the countries in Paris during October

had gone fairly well, and that care should be taken not to upset what was already being achieved through perhaps ill-advised pressure here before it is seen how far the Belgians and Dutch are actually willing to go at the November 14th meeting. The Italian representative said his Government was on the contrary pessimistic regarding the developments at Paris and indicated that he would be in favour of pressure at this time from any quarter. The French seemed to favour "friendly representations" from countries members of both NAT and OEEC. Achilles mentioned incidentally that a direct diplomatic approach might not be such a good idea at this time in view of the fact that it was hoped The Hague Conference on Indonesia would be successfully concluded today, and it would be undesirable to do anything which might disturb the new era of felicitous relations with the Netherlands which was about to begin.

8. The conclusion of the discussion appeared to be that Perkins would raise the question of export controls in very general terms at the Working Group today, without pointing the finger at anyone, and, calling attention to the relevance of this problem to the aims of the Treaty, would stress the importance of maintaining a common front among the Treaty countries, especially in view of the discussions which are about to resume in Paris. He will probably also suggest that Governments give consideration to the best means for achieving such a common front. As we understand it, the possibility of diplomatic representations is now left to the discretion of the individual countries.

9. We had not received your EX-2660 before the meeting, but, as you will note from the above report, Ignatieff did express personal doubts along the lines indicated in paragraph 2 of this teletype.

667.

DEA/50001-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3036

Washington, November 2, 1949

SECRET

My WA-3031 of November 2nd. Export controls to Eastern Europe.

At the conclusion of this afternoon's meeting of the North Atlantic Treaty Working Group Achilles, who was in the Chair, introduced the export control question. He pointed out that various Governments represented at the meeting had at different places and different times been discussing the problem, although there was as yet no particular framework within which it had been dealt. He said that it had occurred to the State Department that it was a question of common interest to the parties to the North Atlantic Treaty which would appear to require common action by all concerned, since no one country wished to maintain restrictive controls only to find that orders for certain items had been filled by a neighbour. He therefore

would appreciate any ideas that members might have or that Governments might later wish to submit on:

(a) What action might be taken by Treaty countries to achieve a common front, and

(b) What could be done to bring other countries into cooperation.

2. Hoyer-Millar said London was aware of the common interest in this question and that he would certainly report Achilles' remarks to London. He pointed out that his Government would probably wish to wait until after it had seen how the Paris meeting on November 14th went before considering whether anything should be done under the North Atlantic Treaty, and stressed the undesirability of crossing wires with the Paris group. He agreed, however, that it would be a good thing if all members of the Working Group would remind their Governments that export controls do have a treaty aspect.

3. Ignatieff said that while he thought that the Canadian Government fully supported the idea of a common front and was interested in ensuring that there should be as few gaps as possible whereby orders for controlled items might be filled elsewhere, the treaty aspect of the problem raised new issues to which the Governments concerned would undoubtedly wish to give consideration.

4. After appropriate statements had been made by Italy and France, Achilles said there was no intention of discussing the question further in the Working Groups before November 14th unless someone had a specific suggestion to make, but that he hoped it could be discussed at a later date in the Working Group.

5. Your comments on the points raised by Achilles as reported in paragraph 1 of this message would be appreciated, as the question will undoubtedly be raised again after the meeting of November 14th in Paris.

668.

DEA/50030-A-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2867

Ottawa, November 28, 1949

SECRET

Following from Heeney. Reference your WA-3036 and WA-3031 dated November 2, 1949, Export controls to Eastern Europe.

1. While I agree that the North Atlantic Treaty countries should adopt some system of mutual information or co-ordination of export controls, I am not fully convinced that it is necessary to establish a formal (repeat formal) committee under the Treaty for this purpose, particularly at this time. On the other hand, I do not fully agree with Hoyer-Millar's argument that the consideration of export control within the Treaty organization would be inappropriate on the grounds that the Treaty would then be used for other than purely defensive measures. There would be no

need to issue a communique to this effect and the possibility of any criticism on these grounds would be eliminated. Secondly, I do not feel that the prohibition of strategic exports to countries which have already been labelled as potential aggressors would be an offensive act on our part. It is recognized by all of the signatories that the primary purpose of the Treaty is to deter Russian aggression. This would seem to indicate that, in addition to building up our own military strength, we should do everything in our power by peaceful means to prevent the Soviet Union and its satellites from increasing their military strength.

2. I feel that the problems related to the control of strategic exports could be suitably discussed in the first instance by the Working Group, the aim of which should be to

(a) adopt uniform export control lists, and

(b) circularize statistics of export of strategic materials.

It might become desirable at some later date to establish an ad hoc committee, perhaps under the Military Production and Supply Board, the terms of reference of which are, I think, broad enough to include problems of this type. It would of course be undesirable to delegate executive functions to any ad hoc or special committee created to deal with export controls. Such a committee would, I feel, be concerned solely with co-ordinating policies and with the exchange of information. If such a body were to have any executive functions, our present procedure for granting export permits would be unnecessarily complicated particularly if it became necessary to refer export permit applications to the committee for approval.

3. Assuming that a common policy was achieved among the North Atlantic countries with respect to control of strategic exports, I would have no suggestions to offer as to how other countries, for example Sweden, Switzerland, Western Germany, etc., might be brought into line although this might be done bilaterally by the United States perhaps through their E.C.A. Missions. In any case, the adoption of a uniform system by the North Atlantic Treaty nations would be a step in the right direction.

4. You will appreciate that the above views are purely official and that no ministerial consideration has as yet been given to the problem. You may, however, pass these views along to the State Department (or to the Working Group if this matter is raised again) as our preliminary reactions.

669.

DEA/50001-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3341

Washington, December 6, 1949

SECRET

Following for Heeney from Wrong, Begins: Reference your message EX-2867 of November 30th re export controls to Eastern Europe.

1. Ignatieff and Collins have now had an opportunity of having a further discussion on the question of export controls to Eastern Europe and their relationship to North Atlantic Treaty arrangements with Edwin Martin, Director of the Office of European Affairs, and with Willis Armstrong, Deputy Chief, Economic Resources and Security Staff of the State Department. This message records the information and views which were given by the State Department in these conversations, which took place separately.

2. You will recall that the discussion in the Working Group, reported in my messages No. 3031 and No. 3036 of November 2nd, took place before the meeting of certain European countries to discuss export controls in Paris on November 14th. The State Department's views now reflect the conclusions reached at the Paris meeting which took place from November 14th to November 23rd and at which time the United States, United Kingdom, France, Italy, The Netherlands and Belgium participated, with Denmark and Norway sending observers. This meeting originated from consideration of the question of export controls among the O.E.E.C. countries and was not related to the North Atlantic Treaty.

3. Apparently substantial progress was registered at this meeting. Agreement was reached, subject to reference to respective Governments, on the imposition of embargoes on 129 items in the 1A list which concerns prohibited items; 12 items were left over for further technical studies since all those concerned were not yet prepared to place them on the prohibited list, and 35 items proposed for prohibition by the United States were not accepted. There was little progress made in the imposition of quantitative controls and in the discussion of transshipment problems, but it was agreed that one item—merchant ships—should be subject to quantitative restriction. Moreover, it was agreed that further study be given to the problems of quantitative restriction and transshipment and also to trade agreements with the U.S.S.R.

4. As regards organization, there was general agreement in Paris on the necessity for the establishment of an Ad Hoc Continuing Advisory Body on an entirely informal and secret basis for the purposes of co-ordinating export control policies and for the exchange of information. Although no final plans were adopted, it was suggested that there might have to be a Chairman and Secretariat, and Permanent

Technical Committees which would facilitate the exchange of information and the preparation of statistical data between sessions of the Advisory Group.

5. The question of the relationship of such a group to the North Atlantic Treaty was apparently not discussed at the meeting, although The Netherlands representative did raise this point. This question, however, was recognized to be closely related to the question of the composition of the group. It was the general opinion that an agreed export control policy should be implemented by as many countries as possible and should include not only the North Atlantic countries but also Sweden and Switzerland and, if possible, Western Germany. The United States, in particular, with the support of the United Kingdom, urged the participation of Western Germany in order to close an important potential gap in export controls in Europe. The French apparently were not so keen on the idea of having Germany participate and this is one of the matters on which the Governments represented at the meeting will give consideration before a further meeting, which is scheduled on January 9th.

6. The State Department seem well pleased with the results of the Paris meeting and are now disposed to favour proceeding with the organization of an Ad Hoc Group with the addition of such members as might wish to participate in the establishment of effective export controls. In this connection, Martin said to Ignatieff that they would be interested to have the informal reactions of the Canadian authorities to the idea of having Canada associated with such an ad hoc organization. As far as the State Department is concerned, he indicated that they would be entirely favourable to Canadian participation.

7. As regards the relationship of such a group to the N.A.T., Martin said that there would, of course, be no objection to having consultation on the matter of export controls between the North Atlantic Treaty partners and that the Working Group might be used for this purpose from time to time as may seem appropriate. He would be disposed to agree with the view expressed in your message EX-2867 that it is not necessary to establish a formal committee under the Treaty for this purpose, particularly at this time. The reasons for this are two-fold—

(a) The question of composition;

(b) The importance that the arrangements be kept as secret as possible and on an informal basis.

8. With regard to composition, the State Department want to have as many countries as possible participate fully in an export control policy, and are particularly interested in having Western Germany, as an important potential source of strategic exports to Eastern Europe, co-operate in export controls. If any formal machinery were established under the North Atlantic Treaty, Germany would presumably have to be excluded. This would also apply to Sweden and Switzerland. Martin said that the United Kingdom have also raised the further objection, based upon considerations related to the United Kingdom-Soviet Treaty of Alliance, that any formal arrangement under the N.A.T. would provide the Russians with a formal excuse for denying the defensive nature of the N.A.T., and would reinforce their argument that the N.A.T. is incompatible with the obligations assumed by the United Kingdom under the Anglo-Soviet Treaty. (This apparently accounts for the point made

by Hoyer-Millar as reported in paragraph 6 of my message No. 3031 of November 2nd).

9. As regards (b), Martin thought that it would be more difficult to keep export control arrangements secret from the Russians if formal organizational arrangements were made under the Treaty than if the arrangements were kept on an ad hoc and informal basis, with the functions of such an informal group limited to the exchange of information and the drawing up of recommendations for the co-ordination of respective Government policies.

10. I should like to have your reactions at your early convenience to the State Department's views reported above. As you see, the organizational arrangements on the basis of an ad hoc and informal group are at present in their formative stage and appear to be not (repeat not) inconsistent with the tentative views expressed in your message EX-2867 of November 30th.

11. I might add that as the strategic and security considerations assume a greater importance than purely economic considerations in the determinations of export control policy, the State Department is taking over more responsibilities from the Commerce Department, and I think that we should, on our side, bear this in mind in the arrangements we make for sharing responsibilities between the Departments of Trade and Commerce and External Affairs. Ends.

670.

DEA/50001-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-3013

Ottawa, December 20, 1949

SECRET

Your WA-3341 of December 6—Export Controls to Eastern Europe.

1. In general we favour the use of an ad hoc group for the coordination of policy and review of statistics of actual shipments.

2. We would be glad to participate in the ad hoc group as suggested in your paragraph 6.

3. In paragraph 11 you invite us to consider transference of some responsibility from Department of Trade and Commerce to Department of External Affairs following a similar transference in the United States. This has been discussed with Trade and Commerce and also Chiefs of Military Intelligence. We have decided to make no change, with one possible minor exception. At present Trade and Commerce is only referring to us export permit applications covering arms, ammunition and aircraft. From now on they may also refer applications falling under the U.S. IA list. However, Canadian exports of these items are very small indeed.

4. A general change following the pattern of the United States Administration is not desirable here. The Government has decided that, in the event of an emergency,

economic warfare would be carried on by Trade and Commerce in collaboration with Chiefs of Staff. Under these circumstances it is not desirable to build up any sort of economic warfare organization in this Department. The Joint Information Bureau in the Chiefs of Staff is likely to be expanded slightly to look after additional work in connection with export controls.

5. We understand that Trade and Commerce will be extending their system of "area control" to cover Far Eastern destinations in the near future; at present this system only covers Europe and the Mediterranean area. Details of their proposals are probably in the hands of Mr. [John] English by now.

671.

DEA/50001-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3485

Washington, December 23, 1949

SECRET

Reference your EX-3013 of December 20th and my WA-3341 of December 6th, export controls to Eastern Europe.

1. Messrs. English, Ignatieff and [P.M.] Towe met Martin, Armstrong and Snow at the State Department, Thursday, December 22nd, and in accordance with the suggestion contained in your teletype under reference, indicated to them informally that we would be willing to participate in the Ad Hoc Group, the function of which would be to coordinate export control policies and exchange information.

2. Martin explained that while the State Department would favour our participation in the Ad Hoc Body, the other participants would have to be consulted before we could be invited to become a full member. Martin said that the State Department would ask Harve Alphand (of the Quay D'Orsay), who is acting as Chairman of the Ad Hoc Group, to seek the approval of the United Kingdom, France, Italy, the Netherlands, Belgium, Denmark and Norway to our participation as a member of the group. Martin also suggested that we should approach the British with whom the French worked very closely on this problem, with a request that they support Canadian participation in the Ad Hoc Body. Martin explained that the Ad Hoc Group had originally consisted solely of European members, and that the United States, themselves, had only become a full member at the last meeting, having attended as observer previously.

3. The next meeting of the Ad Hoc Group is to take place in Paris on January 9th and Martin estimated that it might last as long as seven days (the last meeting lasted ten days). The United States expected to send a team of six experts, while the French and British will probably send approximately four.

4. As reported in my WA-3341 of December 6th, the last meeting of the Ad Hoc Body was concerned mainly with 1(a) Items. Martin indicated that the January 9th

meeting would probably be concerned primarily with quantitative restrictions, trans-shipments and trade agreements problems. Although the Group is an informal one, at the last meeting all the delegates, with the exception of the Netherlands, agreed to recommend to their Governments the acceptance of certain general principles with respect to the control of strategic exports (see my despatch No. 3111 of December 15th).†

5. If we are prepared to participate in the continuing Ad Hoc Body it appears that we should communicate our desires to United Kingdom authorities without delay. Early consideration should also be given to selecting our representative or representatives for the January 9th meeting.

672.

DEA/50001-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3526

Washington, December 30, 1949

SECRET

Reference my WA-3485 of December 23rd. Export controls to Eastern Europe.

1. Willis Armstrong Deputy Chief of the Economic Resources and Security Policy Staff of the State Department met with English and Towe at the State Department today to discuss the January 9th meeting in Paris of the ad hoc group and the question of our participation.

2. Armstrong stated that the United States Embassy in Paris had approached the French suggesting that they seek the concurrence of the other participants in the ad hoc group to Canadian membership. Instructions had also been sent to the United States missions in the United Kingdom, France, Italy, the Netherlands, Belgium, Denmark and Norway that they ask those Governments to agree to our participation. We expressed appreciation for the United States efforts on our behalf and said that if a timely invitation were forthcoming from the French (on behalf of the other participants) we would be prepared to participate in the January 9th meeting as a full member. Armstrong suggested that our Embassy in Paris might discuss the problem with the United States and British Embassies there with a view to hastening the invitation from the French. (Armstrong had just sent a telegram to the United States Embassy in Paris informing them that the Canadian Embassy would probably be in touch with them and with the British Embassy). Armstrong said he hoped that we would ask the British to approach the French authorities giving support to Canadian participation in the ad hoc body.

3. With respect to the agenda Armstrong pointed out that in the previous meeting, the United States had secured the agreement of the other participants to the imposition of embargoes on 126 items of the 1A list. They hoped that at this meeting other items might be placed in the 1A category or as an alternative, placed under quanti-

tative restrictions. The January 9th meeting would also consider in some detail the procedures for 1B items and the problems of transshipment. Armstrong said that now the ad hoc body had been established the United States did not intend to add to or remove from their lists any further items until all the other participants agreed to similar restrictions.

4. With respect to 1B items, Armstrong admitted that quantitative restrictions were extremely difficult to impose. He said that the United States authorities were convinced that such restrictions should be imposed by Governments themselves and not repeat not through industrial agreements. He had in mind particularly the creation of cartel arrangements under the guise of national or international security.

5. Armstrong also outlined the preliminary United States views on the organization of the ad hoc group. He said that the plenary session should be composed of fairly senior representatives meeting perhaps quarterly. He said there might also be an Executive Committee meeting weekly and composed of representatives available in Paris. (We pointed out that the use of the word "executive" might be an unfortunate choice as the group he had in mind would be concerned mainly with the collation of statistics and exchange of information. We suggested that the term "Standing Committee" might be a better choice. Armstrong agreed.) In addition to the plenary organization and the Executive or Standing Committee, Armstrong thought there might be sub groups dealing with 1A and 1B lists and trans-shipment problems. The membership of these special or working groups would be kept to a minimum and it would probably be unnecessary to have all the participants represented on the sub groups.

6. Armstrong said that the choice of Harvey Alphand as Chairman of the ad hoc group had not been completely satisfactory and the United States hoped that the Chairman of the Executive or Standing Committee would be given to Dorlandi of the Italian Foreign Office.

7. When queried as to who would be representing Canada at the January 9th meeting (if Canada were invited) we said that no definite decision had been reached as yet but that Mr. Bull would probably attend. Armstrong agreed that Bull would be an excellent choice and suggested that Bull might wish to get in touch with him in Paris on January 6th or 7th for preliminary discussions.

8. We hope to receive further information on the United States views on the items on the agenda for the January 9th meeting early next week. In the meantime you might consider it appropriate to suggest to the United Kingdom authorities that they approach the French as suggested in my paragraph 2 above. You might also wish to have our Embassy in Paris discuss the problems with the United Embassy there.

673.

DEA/50001-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France*

*Secretary of State for External Affairs
to Ambassador in France*

TELEGRAM 621

Ottawa, December 30, 1949

SECRET

Export of strategic materials to Iron Curtain countries.

1. We have been approached by State Department in Washington and by United Kingdom High Commissioner here in regard to a meeting in Paris on January 9th. We have said that we would be glad to have Canadian representatives participate fully in the meeting if this is agreeable to the others. In discussing the matter State Department officials have said that they will seek the approval of the United Kingdom, France, Italy, the Netherlands, Belgium, Denmark and Norway to our participation; on the other hand the United Kingdom has indicated that they are sponsoring us jointly with the United States.

2. Throughout the war and postwar period we have worked very closely with the United States in matters of export control, whether these controls have been designed to conserve scarce materials on the North American continent, or to prevent war material and supplies from reaching possibly hostile destinations. There are no border controls between Canada and the United States; the imposition of such controls might involve serious impediments to trade; hence our controls on overseas exports must be closely in line with American controls.

3. Officials of the Department of Trade and Commerce in Washington are in frequent contact with officials in the Department of Commerce and State Department who are concerned with United States export controls. In addition policy meetings have been held from time to time and members of this Department have attended.

4. Over the past year or two the United States has been putting increasing pressure on E.R.P. countries to bring their export controls into line with United States (and Canadian) policy. This has become more necessary as wartime scarcities have disappeared; as long as strategic materials, machinery, etc., were in very short supply there was little likelihood that Western European countries would ship them to Eastern Europe.

5. At the beginning of this month the United States asked us if we would participate in an ad hoc international group to coordinate export policy to Eastern Europe. We agreed to do so. The wider the group of Western countries participating and the more fully they keep each other informed of their actions, the more effective will their joint policy be. We warned the United States, however, that while we were anxious to coordinate policies as far as possible, we could not agree to any system which would involve us in getting approvals from them or from some international body in advance of individual shipments.

6. In agreeing to participate in the ad hoc group we expected that it would meet in Washington. However, it is meeting in Paris. This is satisfactory from our point of view as long as our specially close relations with the United States (for geographical reasons) are understood by the other participants. We have emphasized this point to the United Kingdom High Commissioner here.

7. When the United States first proposed that we should join in an international group it was in connection with arrangements under the North Atlantic Treaty. We agreed with them that this was not (repeat not) desirable. It would limit the membership of the group; it would make secrecy more difficult; and if news of the arrangement leaked out, it might be used by the Eastern countries as evidence that the North Atlantic Treaty was offensive rather than defensive. The fact that meetings are to take place in Paris raises the question whether the group might become associated with O.E.E.C. We would regard this as objectionable for the reasons already given; in addition any formal association with O.E.E.C. might have wider implications for Canada which would make our continuing association with the group impossible.

8. If we had understood that meetings were to take place in Paris we should, of course, have been in touch with you earlier. We are sending by air mail copies of relevant documents.

9. We understand that the meeting, beginning on January 9th, is likely to last about a week and that six experts are going from the United States and four each from France and the United Kingdom. The Department primarily concerned here is Trade and Commerce and we trust it will be possible for [James P.] Manion to attend. In addition, however, we would like to have a member of this Department closely associated with the meetings to report to us on policy matters. It is probable that Mr. Bull of the Department of Trade and Commerce, or one of his associates in Ottawa, will go to Paris for the meeting; we will give you further word on this. In any case Trade and Commerce will be briefing Manion.

9^e PARTIE/PART 9

EXPORTATION D'ARMES, D'ÉQUIPEMENT MILITAIRE ET DE PIÈCES
D'AÉRONEFS
EXPORT OF ARMS, MILITARY EQUIPMENT AND AIRCRAFT PARTS

674.

DEA/11044-BS-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], February 14, 1949

I refer to the attached memorandum of February 3rd concerning exports to China, and to your enquiry as to the present position of the matter.

2. At the meeting of Cabinet on February 3rd, Cabinet noted the report submitted on the subject and agreed that "the question of exports of military equipment to China be deferred for future consideration; in the meantime, manufacture of such supplies under order was not to be interfered with." This decision has no immediate effect on three of the four military items under order because they will not be available for shipment for some weeks.

3. However the fourth item, which is aircraft engines and parts to the value of \$575,000 for Harvard trainers, is ready to go forward and application has been made for an export permit. In our memorandum of February 3rd it was indicated that the export of these parts might be permitted as they do not represent new commitments but are components for equipment which has already been shipped from Canada. For this reason we are proposing to put forward a separate memorandum dealing solely with these aircraft parts, which might be considered pending a decision on the broader principles.

4. It was my understanding that Cabinet had deferred its decision because shipments on the major items will not be made at this time, and by the date on which they are available the whole continuing position of the Nationalist Government in China might be clearer. It was also my understanding that Mr. Howe would at some future date reopen the question for Cabinet discussion. In the meantime, I think there is little I can add to my memorandum of February 3rd which points out the desirability of a decision being made one way or the other immediately.

E[SCOTT] R[EID]

[PIÈCE JOINTE/ENCLOSURE]

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET

[Ottawa], February 3, 1949

The Minister of Trade and Commerce may ask Cabinet to reconsider its conclusion regarding exports to China. Cabinet had decided on the following course of action—

(a) An examination of the list of civilian items by the Secretary of State for External Affairs in consultation with the Minister of Trade and Commerce to determine any item which for political or strategic reasons should not go forward.

(b) Immediate cessation of deliveries of all items of a strategic or military nature.

(c) The Minister of Trade and Commerce be empowered to negotiate with the Chinese government Supply Agency and the Canadian producers concerned, with a view to cancellation of the orders and to recommend to Cabinet equitable terms of settlement.

(d) Continuation of the export of items not of a strategic or military nature.⁶²

2. Officials of the Departments of Trade and Commerce and External Affairs met pursuant to the Cabinet decision with representatives of Canadian Arsenals Limited and Canadian Commercial Corporation. Agreement was reached as follows on each of the four points listed in paragraph one above—

(a) Of the civilian items now on order for the Government of China or for which export permits to China have been requested, none should be refused export for political or strategic reasons at present. Among such items we find \$1.5 million of steel bridges and bridging equipment, and \$100,000 of telecommunications equipment the export of which we may wish to prevent for strategic reasons at some future date.

(b) The only significant military items which have not been delivered are—

(i) 20 mm. links for ammunition to be used in Mosquito aircraft. Half of the order has been shipped and delivery of the remainder (\$110,000), will be completed by May 1949.

(ii) Eighty-five million rounds of 7.92 ammunition (\$5.9 million), none of which has been delivered. This ammunition is now in production and Canadian Arsenals Limited estimate that they have expended something less than \$1 million for tooling up, purchase of materials, etc., as of the beginning of this week.⁶³

⁶² Le Cabinet approuva ces recommandations du secrétaire d'État aux Affaires extérieures le 25 janvier 1949.

Cabinet approved these recommendations by the Secretary of State for External Affairs on January 25, 1949.

⁶³ Le 7 mars, le Cabinet approuva l'envoi de 1,5 millions de cartouches au Gouvernement de la Chine à Formose. Le 3 mai le chargement fut suspendu «pending reconsideration of the matter in the light of any proposals brought forward by the Minister of Trade and Commerce.» Le 20 juillet, le Cabinet autorisa l'exportation de 3 millions de cartouches additionnelles, «it being understood that the Secretary of State for External Affairs would raise with Cabinet the question of the policy to be followed with respect to any further shipments of military equipment to China.» Le 31 août, le Cabinet décida de «taper off production» immédiatement des munitions, et de cesser la production au 15 novembre. Après des discussions additionnelles en novembre et en décembre, le Cabinet se mit d'accord les 21-22 décembre pour que les munitions fabriquées avant le 15 novembre et livrées à l'agence d'approvisionnement du Gouvernement de la Chine, dans son entrepôt au Canada, ne devraient pas être exportées. Un permit d'exportation fut donc refusé. Cette décision reflétait le contrôle établi par les Communistes sur le continent, ainsi que le risque perçu que les munitions envoyées à Formose puissent tomber aux mains des Communistes.

On March 7, Cabinet approved shipment of 1.5 million rounds to the Government of China in Formosa. On May 3, shipments were suspended "pending reconsideration of the matter in the light of any proposals brought forward by the Minister of Trade and Commerce." On July 20, Cabinet authorized export of a further 3 million rounds, "it being understood that the Secretary of State for External Affairs would raise with Cabinet the question of the policy to be followed with respect to any further shipments of military equipment to China." On August 31, Cabinet decided to "taper off production" of the ammunition immediately and to cease production by November 15. After further discussion in November and December, Cabinet agreed on December 21-22 that the ammunition produced before November 15 and delivered to the Chinese Government Supply Agency at its warehouse in Canada should not be exported. An export permit was thus denied. This decision reflected the control established by the Communists on the mainland and the perceived risk that ammunition shipped to Formosa might fall into Communist hands.

(iii) Aircraft engines and parts to the value of \$575,000 for Harvard Trainers previously exported from Canada.

(iv) A ship valued at \$2.2 million to be completed in May 1949 for the Ming Sung Industrial Corporation.

Items (iii) and (iv) are being produced by private firms.

(c) If the production is continued and the export permitted of items under (a) and (b), no orders will have to be cancelled.

(d) Export of items not of a strategic or military nature is to continue.

3. Representatives at the meeting took cognizance of the following factors—

(a) The United States is continuing to permit exports of military equipment under its \$125 million loan to China. It was noted that the United States is able to control the destination of these exports as they are usually shipped in American vessels and delivered through United States shore establishments. Canadian Commercial Corporation could attempt to ensure that Canadian shipments are made only to specified destinations but policing action would not be easy.

(b) Although deliveries of 7.92 mm. ammunition are being made to the Chinese Supply Agency in Canada, the latter does not normally make a shipment until ten million rounds have been accumulated. It is estimated that such quantities will not be available within three months and consideration could be given to the refusal of an export permit depending on the political situation in China at the time the application is made.

(c) the shipment of the 20 mm. ammunition links is made in Canadian vessels, which makes supervision easier and would enable directing them to Formosa if it was so desired.

(d) A sudden cessation of work by Canadian Arsenals Limited might affect at least temporarily the employment of some 200 people in Quebec and 60 in Toronto.

4. The arguments *against* continuing shipments might be summarized as follows—Nationalist resistance to Communist domination of China is unlikely to continue for many more months except possibly on the island of Formosa. The decision of the North Atlantic group of Powers to leave their Ambassadors in Nanking for the present rather than transfer them to Canton is based primarily on the recognition that the Nationalist game is all but up. If nationalist resistance is disintegrating it might be prudent, in order to protect long-term Canadian interests in China, missionary, commercial and financial (1946 loan) to taper off Canadian commitments to and support for the Nationalist Government as unobtrusively as possible. Moreover there is a small but vocal body of opinion in Canada opposing shipment of arms. In addition, the order was placed on behalf of and payment made by the Government of Kwangtung, and it might be prudent to obtain some assurance from the Chinese Supply Agency that there is no objection to deliveries being diverted to the Government of Formosa.

5. Arguments *for* continuing shipments are—

A decision to permit the production and export of arms for China now on order in Canada would be in keeping with our past policy of supporting resistance to

Communist domination of China. Such a policy conforms to that being pursued by the United States Government. There is some evidence that resistance to the Communists will at least be continued on the island of Formosa with United States assistance. Our reputation with the Chinese Communists already is sufficiently shady that it probably would not be greatly improved by cessation of shipments now. Financially and administratively it would be in the immediate Canadian interest not to interfere with these programmes. Neither the ship for Ming Sung Industrial Corporation nor substantial deliveries of 7.92 mm. ammunition will be available until the end of April and, therefore, we might await political developments during that period rather than cancel the orders at this time. The parts for the Harvard aircraft and the remainder of the 20 mm. links do not represent new commitments as they are components for equipment already shipped.

6. A review of the factors outlined above indicates that there would be no serious objections to the continuance of these contracts. However, all available evidence leads to the conclusion that the collapse of Nationalist resistance on the mainland is only a matter of time, and the eventual situation in Formosa is uncertain because of the Formosans' antipathy toward the mainland Chinese. Therefore, the wisest course might be to decide now whether we should discontinue immediately all exports of munitions to China or taper off such shipments as rapidly as possible. If the latter course is adopted, a confidential instruction might be issued to Canadian Arsenals Limited not to make further substantial expenditures for materials, without Cabinet authority.

675.

DEA/11044-B-40

*Chef par intérim, direction des Nations Unies
au délégué permanent aux Nations Unies*

*Acting Head, United Nations Division
to Permanent Delegate to United Nations*

Ottawa, March 23, 1949

Dear General McNaughton:

You will no doubt recall that during your recent visit to Ottawa you made enquiries as to whether you could assume that no Canadian military equipment was now finding its way to Netherlands forces in Indonesia. The discussions which I have had on this subject with Economic Division and an investigation of the material on the relevant files indicate that we should not be justified in making an unqualified statement to the effect that no Canadian equipment is at present being used by Dutch forces in the Netherlands East Indies.

Apart from the substantial amount of surplus war material which Canada sold outright to the Netherlands at the end of the war in Europe, the Government has since, from time to time, agreed to export smaller quantities of military equipment to the Dutch for their use in the Netherlands. In these cases, the Canadian Government has been careful to obtain assurance from the Netherlands Government Purchasing Commission that the material in question was not intended for use

outside Netherlands home territory. While there is no reason to assume that these undertakings are not being fulfilled by the Netherlands authorities, it is impossible for us to be absolutely certain that small items such as aircraft parts and ammunition are not being used to service or supplement military equipment which is shipped to Netherlands forces in Indonesia.

Every effort is of course being made to ensure that Canadian supplies are not being used by either of the parties to the Indonesian dispute, but, in view of the possibility that vehicles and arms of Canadian make may conceivably still be in use by Dutch forces as a result of the 1945 sale of surplus equipment, you may think it wise to avoid stating definitively that no Canadian material is being employed in the Indonesian fighting.

I need hardly add that the recommendations contained in your telegram No. 10 of January 6, 1949† are being complied with, and that no sales of military equipment to the Netherlands Government are being completed without the fullest possible assurance that the items purchased are strictly for use in the Netherlands.

Yours sincerely,

J.W. HOLMES

676.

DEA/11044-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

[Ottawa], March 25, 1949

EXPORT OF CIVILIAN AIRCRAFT PARTS

1. Each application for permission to export from Canada items of military equipment is submitted to Cabinet before approval for export is given. The recent practice has been to obtain Cabinet approval also for exports of civilian aircraft parts. No specific direction has, however, been given by Cabinet in this respect.

2. Canadian manufacturers of civilian aircraft parts are seeking to expand their export markets and it is desirable that every co-operation be given them. Many of the aircraft parts for which export applications are received are for use with civilian aircraft which have previously been sold by Canadian exporters. The granting of export permits will be expedited by delegating authority to approve such applications when it seems appropriate to do so. Most of the applications are straightforward and it seems unnecessary to clog the Cabinet agenda with large numbers of such items.

3. Accordingly, I recommend that the Secretary of State for External Affairs be authorized to approve or refuse, in consultation with the Minister of Trade and Commerce, applications for permission to export civilian aircraft parts. Applications involving questions of principle or of major political import as well as appli-

cations for permission to export civilian aircraft would continue to be referred to Cabinet for decision.⁶⁴

L.B. P[EARSON]

677.

DEA/11044-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], April 28, 1949

EXPORT OF SMALL ARMS AND SMALL ARMS AMMUNITION

A number of applications have been received for permission to export to private individuals or business firms in foreign countries, small quantities of small arms and ammunition, obviously intended for non-military purposes. It therefore seems desirable that authority be delegated by Cabinet for the granting or refusing of permission to export such orders, in order to expedite the processing of applications and to avoid clogging Cabinet agenda.

2. Cabinet conclusion of April 7, 1948 directs that sales of arms from current production may be permitted provided that sales are placed on behalf of governments. It seems obvious that this direction was not intended to include orders for limited quantities of small arms and small arms ammunition destined to private individuals and sporting goods firms.⁶⁵

3. Order-in-Council P.C. 570 of February 8, 1949 established a list of commodities for which an export permit is required. Group 9 of these commodities is entitled "Arms, Ammunition, Implements or Munitions of War: Military, Naval or Air Stores" and specifies the following, among other items:

I. (a) Rifles and carbines using ammunition in excess of calibre .22, and barrels for those weapons.

(b) Machine guns, automatic or auto-loading rifles, and machine pistols using ammunition in excess of calibre .22, and barrels for those weapons.

(c) Guns, howitzers, and mortars of all calibres, their mountings and barrels.

(d) Ammunition in excess of calibre .22 for the arms enumerated under (a) and (b) above, and cartridge cases or bullets for such ammunition; filled and unfilled projectiles for the arms enumerated under (c) above.

⁶⁴ Approuvé par le Cabinet le 8 avril 1949.

Approved by Cabinet on April 8, 1949.

⁶⁵ Dans une note de couverture à Pearson, Heeney remarque que ceci avait affecté un exposant lors d'une exposition internationale de commerce, à l'effet qu'il aurait besoin de l'approbation du Cabinet afin d'acheter deux ou trois fusils à plomb lors d'une visite au Canada.

In a covering memorandum to Pearson, Heeney noted that this had recently affected an exhibitor at an International Trade Fair, who would require Cabinet approval to purchase two or three shotguns while visiting Canada.

[II]. (a) Revolvers and automatic pistols using ammunition in excess of calibre .22.

(b) Ammunition in excess of calibre .22 for the arms enumerated under (a) above, and cartridge cases or bullets for such ammunition.

4. In order to maintain supervision over the export of small arms it is not proposed that any change be made in the Order-in-Council so that applications for export permits would continue to be necessary.

5. Accordingly, I recommend that applications for permission to export small lots of small arms and ammunition need not, in future, be referred to Cabinet for decision if, in the opinion of the Minister of Trade and Commerce and the Secretary of State for External Affairs, the small arms and ammunition are destined to a private person or business firm in a friendly country and are not to be used for improper purposes.⁶⁶

L.B. PEARSON

678.

DEA/11044-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], April 30, 1949

EXPORT OF MILITARY EQUIPMENT AND CIVILIAN AIRCRAFT; TEMPORARY
ARRANGEMENTS FOR APPROVALS

Canadian firms find that competition is becoming keener in the export market for military equipment and civilian aircraft. Last summer, several firms reported that they were unable to obtain orders because it was not possible for the Government Departments concerned to assure them of a reply to export permit applications within a period of two or three weeks. As Cabinet meetings are likely to be less frequent during the next several months, Cabinet may wish to make temporary arrangements to delegate to the Secretary of State for External Affairs in consultation with the Minister of Trade and Commerce, authority to approve or refuse applications for permission to export *military equipment* and *civilian aircraft*.

2. The following should, however, be the guiding principles in examining such applications:

(a) applications for exports to the U.S.S.R. and Soviet satellite states should be refused;

(b) applications for exports to countries which have indicated their intention of signing the Atlantic Pact should ordinarily be approved;

⁶⁶ Approuvé par le Cabinet le 3 mai 1949.
Approved by Cabinet on May 3, 1949.

(c) applications for exports to Commonwealth countries should ordinarily be approved;

(d) applications for exports to areas with respect to which the United Nations Council or other U.N. organization is seized of responsibility should ordinarily be refused, e.g. Palestine and Indonesia.

(e) Applications for exports to Central and South America should ordinarily be approved, subject to consideration of the internal political situation in any such country or the possibility of its intention to wage aggressive war.

3. I recommend temporary delegation of authority in this matter accordingly.⁶⁷

L.B. PEARSON

679.

DEA/11044-B-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, May 23, 1949

EXPORT OF AIRCRAFT SPARE PARTS TO THE NETHERLANDS EAST INDIES

Several applications have been received recently for permission to export aircraft spare parts to a total value of \$75,750 to the Netherlands East Indies for the use of the Royal Netherlands Navy. The parts are said to be for use with Dakota and Canso aircraft. I am attaching copies of telegrams exchanged between the Department and the Canadian Permanent Delegate in New York† as a result of which, if you agree, I shall inform the Department of Trade and Commerce that this Department cannot agree to the proposed export.⁶⁸

The reasons for refusing, which are set forth in the attached exchange of telegrams, may be summarized as follows:

(a) In the existing critical stage in the negotiations concerning Indonesia, which were started largely at our initiative, we should lay ourselves open to criticism if approval were given for the export of any equipment of possible military value;

(b) Although we have a letter from the Netherlands Purchasing Commission in New York setting forth the peaceful administrative functions being performed by aircraft of the Royal Netherlands Airforce, we cannot be certain that such aircraft will not at any time be employed for military purposes against the Republican forces;

⁶⁷ Approuvé par le Cabinet le 3 mai 1949.

Approved by Cabinet on May 3, 1949

⁶⁸ Pearson paraphra cette copie de la note.

Pearson initialled this copy of the memorandum.

(c) The undertakings given by the Republican leaders on May 7 did not in themselves constitute a cease-fire and it is understood that hostilities in fact are continuing.

E[SCOTT] R[EID]
for A.D.P. H[eeney]

680.

DEA/11044-BU-40

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], October 18, 1949

Requests have recently been received for permission to export arms and military equipment from Canada to Costa Rica, Nicaragua and the Dominican Republic. This raises the general question of what should be our attitude towards the shipment of arms and military equipment to the Central American and Caribbean area at the present time.

2. The general political situation in that area since the war has been marked by varying degrees of uneasiness. The principal causes have been the ruthless dictatorships of President Trujillo of the Dominican Republic and General Somoza of Nicaragua, and the activities of the Caribbean Legion, which was formed in 1947 for the purpose of overthrowing them.

3. The Legion is a motley collection of adventurers, mercenaries and political exiles of various nationalities which, at its greatest strength, has never numbered more than 1,500. It has taken part in two attempted small scale raids on the Dominican Republic, one in 1947, which was called off at the last moment, and the other—in July last—involving some 60 men and two aircrafts. Its most important activity to date was its intervention in the civil war in Costa Rica, which brought the present government of that country into power in April, 1948. The continued presence of the Legion in Costa Rican territory was one of the principal motives for the border incident between Costa Rica and Nicaragua of last January.

4. Although recently the Legion announced its dissolution, elements are known to remain in Costa Rica and Guatemala, with the greater number in the latter country. The Legion, however, has virtually ceased to exist as a military force of any consequence, but has a certain propaganda value which the various governments concerned have made use of for their particular purpose. As the Legion has enjoyed the official support of the Governments of Costa Rica and Guatemala, the possibility of any arms shipped to these countries being intended for the Legion should not be overlooked.

5. The Dominican Republic has requested the convocation of a special inter-American conference to deal with what it referred to as "the current threat to peace in the Caribbean", but the United States, which does not appear to view the situa-

tion with any great concern, has instead called together the Inter-American Peace Committee, which is now dealing with the question.

6. Relations between Nicaragua and Costa Rica over the past year or so have been none too cordial. Last December, there was an "invasion" of Costa Rica by a force of about 1,000 men (some of whom were Costa Rican exiles) which came from Nicaragua. This incident was quickly settled by means of the machinery provided by the Rio Treaty of Reciprocal Assistance. On August 6 last, however, Costa Rica officially accused Nicaragua of reinforcing her frontier guards and of carrying on a "programme of activities against the Costa Rican Government".

7. In July, 1949, an application to export rifles and ammunition to Costa Rica was refused because the political situation in the country was somewhat confused, and the Government was in the hands of the Military Junta which had just taken power. In February, 1949, approval was given for the export of 900 .38 revolvers and 100,000 rounds of ammunition, as there did not seem to be any unusual amount of unrest in the Central American States, and the Government of Costa Rica appeared to be firmly established. In January, 1949, we turned down an application for the sale of one million rounds of small arms ammunition to Nicaragua.

8. As part of its programme to re-establish its former trade position in Latin America, the United Kingdom has sold all types of arms to various Latin American republics, including the Dominican Republic, which has purchased destroyers, jet fighters, small arms and ammunition. Some three years ago, the United States prohibited for a while all exports of arms to the Dominican Republic, and two years ago also prohibited such exports to Nicaragua. At the present time, however, I understand that instead of maintaining a complete embargo on the sale of arms to these countries, the United States judges each application on its own merits.

9. I should appreciate direction from Cabinet as to what Canadian policy should be.⁶⁹

L.B. PEARSON

⁶⁹ Le 5 décembre 1949 le Cabinet approuva la recommandation de Pearson de donner l'aval à l'exportation de petites quantités d'armes et d'équipement au Nicaragua, à Costa Rica et à la République dominicaine.

On December 5, 1949 Cabinet approved Pearson's recommendation of export approval for small quantities of arms and equipment to Nicaragua, Costa Rica and the Dominican Republic.

681.

DEA/11044-BQ-40

*Note du secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet*

*Memorandum from Acting Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], October 31, 1949

YUGOSLAV APPLICATION FOR CIVILIAN AIRCRAFT PARTS

The Yugoslav Government has recently made an application to import from Canada, for the use of Yugoslav Airlines, civilian aircraft parts valued at \$55,000. The application was originally turned down according to our established policy not to supply strategic materials to countries behind the Iron Curtain. This policy has lately been reviewed against the background of the Soviet and satellite offensive against Yugoslavia. This offensive has been carried out in three ways: economically, by the virtual stoppage of trade between Eastern Europe and Yugoslavia; militarily, by heavy concentrations of troops along Yugoslav borders and by the military and guerrilla training given to Yugoslav dissidents; psychologically, by concentrated propaganda attacks emanating from all Yugoslavia's erstwhile Communist friends and against which the Yugoslav people feel wholly isolated.

2. Already the Western democracies have endeavoured to help Yugoslavia to withstand Soviet pressure against its economy, and at the same time relieve the feeling of isolation of the Yugoslav people. The British have negotiated an important trade pact with Yugoslavia, which will materially assist the economy of that country. The Americans have recently permitted an American firm to contract with the Yugoslav Government for the construction of a complete \$3 million steel mill, and the Export-Import Bank has been allowed to grant Yugoslavia a 20 million dollar loan. Furthermore, the United States Government is now in the process of revising its regulations on the export of certain strategic materials, so as to make possible further economic help to Yugoslavia.

3. In Canada, on April 8, 1949, Cabinet delegated to the Secretary of State for External Affairs in consultation with the Minister of Trade and Commerce, authority to approve the export of civilian aircraft parts to any destination "which raised no new questions of principle and involved no important political considerations". In the case of the Yugoslav application, however, important political considerations are involved, and a new question of principle is thereby raised. A decision by Cabinet is therefore required.

4. Various long and short term considerations are involved and must be taken into account.

A. Arguments for approving the Yugoslav application

One of the crucial factors in keeping the Tito regime going is the economic situation within Yugoslavia. With the economic blockade imposed by the Cominform countries, his regime is becoming more and more dependent on supplies from the West, and therefore any goods sent from Canada will be of assistance

in his survival. It is assumed that the survival of a Yugoslavia independent of the U.S.S.R. is desirable for the following reasons:

(i) Strategic

(a) To maintain the present situation which deprives the Soviet Union of a fairly strong ally and of access to the Adriatic Sea and to Italy. (In the event of a general war the Yugoslavs might try to remain neutral but at the most they would be a confused, divided and probably largely unwilling associate of the U.S.S.R.).

(b) The economies of the satellites, especially Czechoslovakia and Poland, are adversely affected by the cessation of trade with Yugoslavia.

(ii) Psychological Warfare

(a) To keep before the eyes of the world the nature of the Soviet imperialist system which requires absolute subservience on the part of other Communist states and Communist parties; and to encourage Titoist tendencies in the satellites and in Western Communist parties.

(b) To "unmask" the Soviet Union's claim to be the leading force in the world for peace.

B. Arguments against approving the Yugoslav application

(1) Yugoslavia still is a ruthless Communist state. (But the only alternative to the Tito regime which can at present be envisaged is another Communist regime subservient to Moscow. Furthermore, there is some reason to hope that isolation from Moscow and prolonged closer relations with the West may lead to a gradual liberalization of the Tito regime).

(2) The Soviet Union might succeed in overthrowing the Tito regime in any case and thus adding to the Soviet system's war potential the commodities which had been released to Yugoslavia as a result of relaxing export controls. In my view Tito's chances of survival are good enough to make this risk worth taking. Furthermore, an amount of aid which would mean a great deal to Tito's chances of survival would still be only a small fraction of the total Soviet war potential.

(3) There is some long term danger that the success of "national Communism" (i.e., Communism free of Moscow's control) might present a new threat to the West. But this development cannot be foreseen in detail and the risk seems worth taking.

(4) Some of the goods sent to Yugoslavia might be transhipped to another source. In view of the economic and political Blockade imposed by the Soviet Union and all the satellites, and the denunciations by these countries of their trade pacts and treaties of friendship with Yugoslavia, I think this highly unlikely.

It will be noted that each argument against approval can be convincingly answered.

5. I therefore recommend that Cabinet agree to this proposed sale and export of civilian aircraft parts to Yugoslavia.⁷⁰

BROOKE CLAXTON

⁷⁰ Approuvé par le Cabinet le 4 novembre 1949.
Approved by Cabinet on November 4, 1949.

10^e PARTIE/PART 10RÉPERCUSSIONS DE L'INTÉGRATION EUROPÉENNE
IMPLICATIONS OF EUROPEAN INTEGRATION

682.

PCO/Vol. 113

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, August 5, 1949

I attach a copy of an interesting letter of August 2 from Wrong to Heeneys† reporting on a conversation with George Kennan in which Kennan came out in favour of a super-federation combining the United States, the United Kingdom and Canada.

2. Kennan reported that the planning staff of the State Department, with the assistance of some outside advisers from universities, had been carefully examining the long-term policy which should be followed in connection with European and North Atlantic federal union. Kennan has recently been discussing with Jebb and others in London the tentative conclusions of the planning staff. Apparently he believes in a federal union in Europe which would exclude the United Kingdom and which would be devised so that it could be extended eastwards to countries now behind the Iron Curtain whenever the opportunity arose. He expressed doubt though not certainty that the economic problems of the United Kingdom could be settled within the existing framework of sovereign states. Even if it were technically possible, he doubts whether it would be politically possible. This has led him to his belief in the desirability of the federation of the United States, the United Kingdom and Canada. He considers that the North Atlantic Treaty has been a step towards this objective and that another important step which might prove to be not out of the question before very long would be the establishment of complete freedom of movement between the three countries.

3. At the end of his letter, Wrong refers to his despatch on the resolutions now before Congress on the subject of federal union or world government. I attach a copy of this despatch (No. 1793 of August 1)† together with a copy of the resolution† proposing that the President should invite delegates from the countries which originally sponsored the North Atlantic Treaty to meet with delegates of the United States in a federal convention. There is also attached the speech† given by Senator [Estes] Kefauver when he introduced this resolution.

4. The resolution is sponsored by the "Atlantic Union Committee", the President of which is former Justice Roberts. You may recall that in a note which I gave you on April 6† of a conversation which I had that day with Hickerson, Hickerson said that he personally favoured the proposals of Justice Roberts for the immediate formation of a North Atlantic federation. He also went on to say that he was toying with the idea of what he called an "economic union" of the United States, the

United Kingdom and Canada. He defined an economic union to mean the free movement of goods and money but not of people.

5. I had previously heard through Arnold Smith that Kennan's planning group had been considering very carefully the possibility of an economic union of these three countries but had not heard that they had gone so far in their thinking as to consider the desirability of a super-federation. Now that we have learned that the planning staff in the State Department has been giving careful examination to such large proposals, I suggest that it would be wise if we were to start turning these ideas over in our own minds. I would suggest for your approval that I might send a copy of Wrong's letter of August 2 for comments to Robertson, Wilgress and Plumtre, MacDermot, Holmes and [G.G.] Crean. I might also get in touch with Arnold Smith since I think he will be able to throw further light on the studies which have been made by Kennan's planning staff.

E[SCOTT] R[EID]

683.

DEA/10336-A-40

*Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État adjoint aux Affaires extérieures*
*High Commissioner in United Kingdom
to Deputy Under-Secretary of State for External Affairs*

SECRET

Ottawa, August 23, 1949

Dear Mr. Reid:

I was extremely interested in reading over the copy of the letter, dated August 2, from Mr. Wrong to Mr. Heeney, attached to your letter of August 16.⁷¹ It was refreshing to read Mr. Wrong's account of his luncheon conversation with Mr. George Kennan of the State Department, in which Mr. Kennan came out in favour of a super federation combining the United States, the United Kingdom and Canada.

The very fact that such an imaginative idea could be advanced by a responsible United States official is an indication of the times in which we are living, and of the revolutionary changes which are now taking place before our eyes.

I do not share entirely the doubt expressed by Mr. Kennan that the economic problems of the United Kingdom could be settled within the existing framework of sovereign states. The economic problems of the United Kingdom are not distinct from those of the other countries of Western Europe. What we are experiencing is a rapid decline in the conditions which made it possible for the countries of Western Europe to maintain highly developed economies with a consequent high standard

⁷¹ A.F.W. Plumtre, T.W.L. MacDermot, Arnold Smith et John Holmes comptent parmi les autres personnes à qui l'on demanda une évaluation sur le point de vue de Kennan.

Among others who were also asked for their assessment of Kennan's views were A.F.W. Plumtre, T.W.L. MacDermot, Arnold Smith and John Holmes.

of living. The rapid industrialization of the outside world is making it impossible for Western Europe to continue on the same economic basis as in the past.

The problems of the United Kingdom are greater in degree, but are not very different in kind from those of other countries of Western Europe. The United Kingdom belongs to Western Europe and is very much needed by the other countries of Western Europe. All of these are now under the ever-present threat of Soviet aggression, which is bringing about that force so needed for the cooperation of all these countries in solving their economic problems. There are complications presented in the case of the United Kingdom by the close economic ties with the three southern Dominions. This presents the United Kingdom with a choice, just as Canada is said to be presented with a choice, but the pressure of events will no doubt make the choice for the United Kingdom just as it is making the choice for Canada, without any conscious effort or direction on our part.

Given this set of circumstances, I believe that what we and the United States should do is encourage the United Kingdom to integrate their economy more closely with that of the other countries of Western Europe, and gradually bring about that degree of political and economic cooperation which will lead to the development of institutions through which this cooperation can be effective. As it becomes effective and well established, it will be the means of exerting influence on those eastern countries which are on the periphery of the Soviet sphere of influence. Such a magnet I am sure will, in the course of time, prove irresistible. As there is a waning of Soviet power through internal tensions, one by one the Eastern European countries will seek escape by adhering to the gradually expanding cooperative union of European states.

All of this will mean a tendency for Europe to live more within itself, but the possibility of maintaining a fairly satisfactory standard of living will be presented by European cooperation with the United States in the development of the more backward areas of the world. This can be accomplished by increased specialization of the European countries leading them to find outlets for their skill, which cannot be matched even by the industrial efficiency of North America.

You will see from this that I am a proponent of the European future of the United Kingdom, a future in which I believe the people of these islands can play a part which will not be any less brilliant than the part which they played on the world stage during the previous 150 years. Before this comes about, however, there will have to be a lot of soul searching in this country, and a realization that the clock cannot be put back.

With kindest regards,

Yours sincerely,
DANA WILGESS

684.

DEA/50105-40

Note de la direction de l'économie
Memorandum by Economic Division

CONFIDENTIAL

Ottawa, November 21, 1949

MEMORANDUM ON EUROPEAN ECONOMIC CO-OPERATION⁷²

It seems clear that Canada's attitude toward the various plans for European economic co-operation or integration requires urgent re-examination in the light of:

(a) Mr. Hoffman's speech of the 31st October to the Council of OEEC when he called on the members to have ready early in 1950 a plan for economic integration,

(b) the supplementary personal message from Mr. Acheson to Mr. Bevin in which Mr. Acheson expressed the hope that the United Kingdom would play a more positive role in fostering European economic co-operation.

(c) planning which has been proceeding in the State Department under the direction of Mr. George Kennan of a political as much as an economic cast looking towards the creation of "supranational institutions in Western Europe."

2. There are two reasons for this new attempt by the United States to push towards European economic co-operation. In March of next year, the programme for the third year of the Marshall Plan has to be submitted to Congress, and the United States authorities are afraid that, if they are unable to present some dramatic development, they may not be able to secure a further ECA appropriation. In addition, they are anxious that Western Germany should be integrated as soon as possible into the Western European community. German nationalism is again rising, and the danger of a Russo-German combination is real. The best way to prevent this danger would be to magnetize Western Europe, so that it would have a stronger attractive pull than Moscow. It might also be added that it would be a great advantage in the ideological conflict which divides Western European countries if the non-Communist camp could present European unity as a positive ideal and a practical possibility. Europe needs hope almost as much as it needs United States dollars; and plans for European unity would open a vista to an independent and prosperous future.

3. Mr. Hoffman's programme is the latest of a long succession of schemes for European economic co-operation, few of which have come to anything. The main features of this most recent proposal are as follows:

- (a) Co-ordination of national fiscal and monetary policies.
- (b) Provision for necessary exchange rate adjustments.
- (c) Means to cushion the effect of inevitable temporary disturbances of the economy in particular countries.
- (d) Co-ordination of commercial policies and practices.

⁷² Passée par Heeny à W.C. Clark, Graham Towers et M.W. Mackenzie le 25 novembre 1949.
Circulated by Heeny to W.C. Clark, Graham Towers and M.W. Mackenzie on November 25, 1949.

Since Mr. Hoffman referred to other arrangements involving smaller groups of countries, and expressed his conviction that such plans would turn out to be steps toward the objective of European economic integration, it is possible to subsume under this most recent initiative other more limited plans for co-operation between smaller groups of countries. It is likely that Mr. Hoffman had particularly in mind the French plan for a currency union between France, Italy, Belgium and the Netherlands, a plan which was scotched by the devaluation of sterling. He may also have been thinking of the projects for economic unity between the Benelux countries, between France and Italy, and between the Scandinavian countries. And although he said nothing about the tripartite economic co-operation which now exists between the United States, the United Kingdom and Canada, there is no inherent incompatibility between the programme he urged on the Council of OEEC and the existing tripartite system of consultation and co-operation. Two further initiatives for European economic co-operation also deserve to be noted. The statute establishing the Council of Europe makes provision for economic co-operation among its members and the Economic Committee of the Assembly has already held a series of meetings. Finally, more than two years ago the members of OEEC entered into a Convention in which they pledged themselves "to strengthen their economic links by all methods which they may determine will further the objectives of the present Convention".

4. The work of OEEC has been the most promising of all the efforts towards economic co-operation, because it has included a large number of countries in its membership and because it has been backed by heavy financial aid from the United States. But from the outset, attempts to work out, within the framework of OEEC, long-range plans for the rationalization of Europe's economy have been impeded by two serious difficulties. In the first place, much of the Organization's time and energy has been spent in allocating ECA aid among its members, so that long-range planning has had to take second place. Secondly, whenever the members have been able to apply themselves to long-range planning, they have encountered the dilemma of how to integrate economies, some of which are rigorously planned and directed whereas others are moving rapidly towards a free market system. More generally, progress toward some form of permanent economic co-operation has been slow because at critical moments the action has been interrupted by the appearance of very live ghosts from Europe's troubled past. Old fears and rivalries and antipathies are still strong; and any essay in economic co-operation in Western Europe, an undertaking in which co-operation is essential not only from France and the United Kingdom but also from Germany as well, must be more haunted and ghost-ridden than any North American can readily imagine. Whatever the reason, it is fair to say that OEEC has accomplished little in the way of a plan for rationalizing Europe's productive capacity. Attempts, for example, to control and co-ordinate the capital investment programmes of the member countries so far as they concerned steel capacity and oil refineries have failed.

5. Moreover, even the medium of co-operation that has been achieved in allocating ECA funds has been threatened. The United Kingdom's exchange difficulties and the revision of the allocation which they made necessary had already severely strained good feeling within the Organization, when the events of last September

combined to reduce it almost to the vanishing point. The concurrence of the tripartite discussion in Washington, the United Kingdom's decision to devalue sterling without consulting its partners in the OEEC and the plan for a European currency union which the French had developed without informing the United Kingdom produced so many rancours and resentments that the Organization's usefulness seemed almost at an end.

6. What should be Canada's policy in these circumstances? It seems certain that none of the existing plans for European economic co-operation, including Mr. Hoffman's most recent programme, can be realized in the near future. When this is appreciated in the United States, the disappointment which will ensue may endanger friendly economic relations in the non-Communist world. It would appear, therefore, to be in our own interest to do whatever we can to prevent the imposition on European countries of demands for economic integration which show insufficient regard for the genuine difficulties to be overcome and which, in any case, can contribute very little to the solution of the immediate dollar difficulties. But, at the same time, it must be realized that ECA desperately needs to present some striking accomplishment to Congress so that any Canadian representations to the United States, urging that enthusiasm should be tempered with realism, can hardly be expected to do more than slightly modify the Administration's insistence on some positive commitment towards economic integration in Europe.

7. It was with these considerations in mind that Mr. Pearson suggested in his speech in the House of Commons on the 16th of November, that the time had come to consider what machinery should be set up to secure, under Article 2 of the North Atlantic Treaty, the widest possible economic collaboration between the North Atlantic nations. Article 2 reads as follows:

"The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."

8. There would seem to be a number of advantages in using Article 2 of the Treaty. Some of these are:

(a) By making use of Article 2 of the Treaty, it might be possible to prevent fissures opening up between continental countries, on the one hand, and the United Kingdom, on the other, and also between European countries, on the one hand, and Canada and the United States, on the other.

(b) Although the development of concrete economic co-operation between all the countries joined in the North Atlantic Treaty must inevitably be a long and slow process, in general this is the shape which we would prefer economic co-operation to take. If that is the case, the sooner other plans for economic co-operation are firmly set within the framework of the North Atlantic community, even though that framework must remain sketchy on its economic side, the better our interests will be served.

(c) At the very least, if some body for economic consultation were established under Article 2 of the Treaty, there should be less danger of such resentments arising as have recently been provoked.

(d) It is not yet clear which of the various plans which have been advanced for European economic co-operation will prove either feasible or salutary. If they could be considered in the light of Article 2 of the Treaty, there might be a chance of keeping them in solution and suspense until their merits and possibilities could be more carefully assessed.

(e) Continuing co-operation with the United States and the United Kingdom on economic matters is essential to Canada. But exclusive tripartite co-operation may lead to increasing resentment on the part of European countries. If Article 2 of the North Atlantic Treaty were brought into force and equipped with some machinery, it would be possible, and might be desirable at some stage, to present tripartite co-operation as a trust given to the three countries by the other signatories, in somewhat the same way as the primary responsibility for military planning under the Treaty has been entrusted to the United States, the United Kingdom and France. On this analogy, perhaps an Economic Committee of the North Atlantic Council might be set up on which all members of the Council would be represented, and this Economic Committee might establish a steering group composed of the United States, United Kingdom, Canada and perhaps France.

(f) The United States has already undertaken two important Treaty obligations under Article 2: to eliminate conflict between its foreign economic policies and the international economic policies of the other members of the alliance and to encourage economic collaboration between the United States and the other signatories.

9. At the same time, it is recognized that use of Article 2 might involve some dangers:

(a) Western Germany, for example, could not at present be included in any committee which might be established under Article 2, and economic co-operation under the North Atlantic Treaty might run the risk of excluding the productive capacity of the Ruhr. On the other hand, it might be argued that what is needed at the moment is not so much an organization for economic co-operation in which Western Germany could be included (this is already provided in the OEEC) but rather a comprehensive initiative within which practical efforts to vitalize the economy of Western Europe and so attract Germany westward, could be harmonized.

(b) Action under Article 2 might run the risk of becoming merely another empty gesture. To this objection it might be answered that in any case the United States will insist on some new gesture; and that it would be preferable for whatever gesture is made to be in keeping with the long term pattern which Canada would like to see emerging.

10. If this latter danger is to be avoided, urgent consideration must be given both to what type of machinery should be set up under Article 2 and also, and more important, to what work any committee established under this Article of the Treaty might profitably do. Attention should also be directed toward two related sets of questions:

(a) Which of the plans for European economic integration are feasible? Desirable? How great is the danger that some of the existing projects would result in the formation of closed economic areas or in the growth of government-sponsored cartel arrangements? How could such possibilities best be avoided?

(b) Is it desirable to try to influence United States policy in the direction of a greater awareness of the difficulties in the way of European economic integration? If so, how could this best be done?

[D.V. LEPAN]

685.

DEA/50105-40

Ébauche du procès-verbal d'une réunion
*Draft Minutes of a Meeting*⁷³

SECRET

[Ottawa], December 7, 1949

MINUTES OF AN INFORMAL MEETING HELD ON THE 30TH OF NOVEMBER, TO
DISCUSS THE PROBLEMS OF EUROPEAN ECONOMIC COOPERATION

PRESENT: MR. A.F.W. PLUMPTRE, CHAIRMAN
MR. J.J. DEUTSCH, DEPARTMENT OF FINANCE
MR. J.E. COYNE, BANK OF CANADA
MR. L. RASMINSKY, BANK OF CANADA
MR. J.R. BEATTIE, BANK OF CANADA
MR. T.W.L. MACDERMOT, DEPARTMENT OF EXTERNAL AFFAIRS
MR. R.A. MACKAY, DEPARTMENT OF EXTERNAL AFFAIRS
MR. L. COUILLARD, DEPARTMENT OF EXTERNAL AFFAIRS
MR. D.V. LEPAN, DEPARTMENT OF EXTERNAL AFFAIRS
MR. P.M. TOWE, DEPARTMENT OF EXTERNAL AFFAIRS

Agenda

1. A memorandum, which is annexed to these minutes, on the problems of European economic cooperation had been circulated before the meeting. It was agreed that in discussing the memorandum, it would be convenient to consider the following four topics separately:

- (a) the problems of Western Germany,
- (b) plans for limited regional economic co-operation in Europe,
- (c) Mr. Hoffman's speech to the Council of the OEEC on the 30th of October,
- (d) the use to be made of Article 2 of the North Atlantic Treaty.

Western Germany

2. Mr. MacDermot reported that the German Federal Republic was rapidly acquiring a large measure of autonomy. Dismantling had been cut by 90%; the flow of exports had reached a very considerable volume; and decisions had been taken

⁷³ Aucun procès verbal corrigé ne fut circulé.
No revised minutes were circulated.

by the three occupying powers to admit Germany to international organizations, to permit the building of a merchant marine limited as to maximum individual tonnage and to sanction German consular and trade representation abroad. These developments had been made possible by a wide shift in the French attitude towards Germany. It now seemed to be generally recognized in France that the threat of Soviet domination of Europe could be countered only if Germany were reinstated in the community of nations and allowed to trade and produce. At the same time French fears of Germany made adequate guarantees against remilitarization essential. Mr. MacDermot thought this change in Germany's status was one of the chief reasons for the State Department's anxiety to urge forward plans for European integration. Unless Germany could be articulated into a large and powerful grouping of Western European countries, which would include the United Kingdom and which would be bound together by a free flow of trade, it might once again dominate Europe. The meeting agreed with this analysis. Mr. Deutsch added two further reasons why the rebuilding of German industry and Germany's reemergence as a quasi-independent trading country made necessary plans for less constricted trade relations throughout Western Europe. Since the end of the war, Belgium and the Netherlands has suffered economically from the snapping of their trade links with Germany. The Netherlands, in particular, had been damaged by the loss of its export trade in agricultural products in return for German manufactures. Moreover, the shrinkage of German trade had borne hardly on the prosperity of the Rhine and Scheldt ports. If Germany's trade were to flow westward, it could make a large contribution to economic recovery in the Netherlands and other limitrophe states. Equally, a westward orientation of Germany's trade would deny to some of the satellite countries, particularly to Czechoslovakia, exports which they badly needed. Mr. Deutsch thought that the economic strength of the Soviet bloc as a whole could be seriously impaired if the whole trade of Western Germany were directed away from the satellite states.

3. It was suggested, particularly by Mr. Rasminsky, that basically the United States concern over the integration of Western Europe rested on strategic considerations. Indeed, it might be said that most, if not all, of the various plans for regional economic groups, either large or small, owed a good deal to the perhaps vague, but nevertheless powerful, feeling that countries bound closely together by economic ties would be more able to contribute effectively to their own defence. In pressing for economic integration, Mr. Hoffman was no doubt thinking immediately of the necessity of presenting some striking development to Congress in order to secure a further ECA appropriation. But this consideration was probably not much more than a surface phenomenon. Below the surface in the United States lay the unexpressed conviction that economic integration would contribute to military strength.

Plans For Limited Regional Economic Cooperation in Europe

4. Some consideration was given to the various schemes for regional economic groupings which had been advanced to date. The proposals for a Scandinavian customs union, a French-Italian customs union and a currency union between France, Italy and the Benelux countries (as well as the existing Benelux customs union) would fall into this category. On the whole, those present at the meeting were not

disposed to quarrel with Mr. Hoffman's assumption that such limited schemes would ultimately conduce to the formation of a wider area of economic cooperation covering the whole of Western Europe, although it was realized that this could not be taken for granted. Mr. Coyne thought there might be a danger that an agreement for economic cooperation might be harder to reach once such limited unions had been effected, simply because the units concerned would then be in a stronger bargaining position. Mr. Plumptre suggested that each of these proposals, if implemented, would result in at least some temporary economic dislocation; and countries which had undergone such disturbances, involving no doubt some unemployment, would be reluctant to submit themselves to a second round of readjustments. It was also pointed out that, in order to reduce the dislocations which any such proposals would entail, cartel arrangements for dividing markets and for regulating prices, might prove attractive; and such new rigidities might be more difficult to remove than those which existed at present. In spite of these dangers, however, it was agreed that Canada should adopt a sympathetic attitude towards these more limited schemes. Every effort should be made to see that they did not prove injurious to countries which were not included, and that they were so designed as to contribute to a progressively wider multilateralism. But it would be virtually impossible to lay down provisos and conditions of general applicability to that end.

Mr. Hoffman's Latest Proposals

5. It was agreed that Mr. Hoffman's use of the word "integration" in his speech before the Council of the OEEC on the 30th of October was misleading. Mr. MacKay said that in his view, Mr. Hoffman's use of the word betrayed a confusion between the vocabularies of strategy and economics. Military planning could be comparatively precise and could envisage the complete integration of defence forces and strategic concepts. The various committees which had been established under the defence articles of the North Atlantic Treaty were already making progress towards the coordination of armed forces, standardization of equipment, pooling of productive capacity and agreement on lines and areas of defence. In such a context "integration" could bear its full and accepted meaning. This was hardly true of the word when used in an economic context. It would seem that Mr. Hoffman had borrowed the term from the submissions which had been made to Congress when the Military Defense Assistance Programme was presented. It was further suggested that the ambiguity contained in the word might have been quite deliberate. Mr. Hoffman was faced with the necessity of obtaining a new appropriation from Congress and to do so, he might have to use phraseology which went beyond what he himself really believed to be feasible. Already the edge had been taken from the sharpness of his demands by the glosses on his speech which he had made in his press conference after he returned to Washington, and by the informal interpretative comments which had been given by Mr. Harriman and other ECA officials to the British.

6. The requirements which Mr. Hoffman had laid down for an acceptable scheme for European "integration" seemed very vague. But it was agreed that a meaning could be given to all of them. "Coordination of national fiscal and monetary policies" could be translated into inter-governmental discussions on inflationary and

deflationary tendencies within participating countries with a view to reducing the danger of mass unemployment. By "provision for necessary exchange rate adjustments", Mr. Hoffman probably meant the introduction of some limited form of fluctuating exchange rates within a system of European currencies which would be convertible *inter se*. He had also called for "means to cushion the effect of inevitable temporary disturbances of the economy in particular countries". This could be interpreted to mean the creation of some unspecified central reserve institution for Western Europe which would make use of the \$150 million in the last ECA appropriation, which was not to be allocated to any individual country. The required "coordination of commercial policies and practices" might boil down to not more than the progressive relaxation of quantitative restrictions on imports. Mr. Rasminsky recalled that in addition to the four requirements which had been listed in the memorandum under discussion, Mr. Hoffman had also insisted on the elimination of the practice of double pricing. If these demands in their attenuated form were added together, it was agreed that they would amount to little more than a plea for the creation in Western Europe of an island of multilateralism. It would be analogous in many ways to the sterling area. If, in fact, that was what Mr. Hoffman's programme meant, it seemed to the meeting:

- (a) that it could be realized by 1952,
- (b) that it would represent some economic progress in the right direction, and
- (c) that the amount of difference it would make to the economic position of the countries concerned would not be very substantial.

Such a programme would deserve Canadian support, although not too much should be expected from it, and care should be taken to see that it was regarded as a step towards a worldwide system of multilateral trade rather than as the creation of an exclusive trading bloc.

7. It was recognized that the terms in which Mr. Hoffman's programme had been framed might rouse expectations in the United States and Europe which could not be realized and which, indeed, would be in excess of what Mr. Hoffman himself had in mind. If these hopes were disappointed, there might be unfortunate consequences. Mr. Deutsch, however, recalled that a whole succession of economic plans had been over-sold in the United States. This had been true of the Bretton Woods proposals and of the United States loan to the United Kingdom. These measures had been highly useful and neither Congress nor American public opinion had been much disturbed when performance had fallen short of promise. The same might prove to be true of Mr. Hoffman's programme for European "integration". It might produce worthwhile results without evoking much dangerous disappointment when it turned out to be a much narrower initiative than Mr. Hoffman's language would suggest. Mr. Deutsch, however, did think that it would be useful to draw this danger to the attention of United States officials and add that the successes which had already been achieved by the European Recovery Programme were so considerable that, if they were properly presented, they might be sufficient to secure an adequate ECA appropriation next year.

8. Some attention was also given to the military advantages which might be expected to flow from the creation of such a multilateral area in Western Europe as

Mr. Hoffman seemed to have in mind. By eliminating uneconomic production and by gradually promoting a more efficient regional division of labour, it could contribute to the total economic strength of the area. On the other hand, this development would probably be crossed by planning of production for defence. In this field, economic planning would be concrete and immediate. It would likely make a much more significant contribution to the military strength of the countries concerned than the slow accruals of economic well-being to be expected from Mr. Hoffman's programme.

Article 2 of the North Atlantic Treaty

9. Is the area envisaged by Mr. Hoffman large enough to secure the expected advantages? This question was raised by Mr. MacKay but was left unanswered. With it the discussion turned to Article 2 of the North Atlantic Treaty. Mr. Coyne expressed the personal view that at some point there must be a marriage between the tripartite machinery and OEEC and suggested that this marriage could best be effected under the rubric of Article 2. In general, this proposal was acceptable to the meeting, although it was doubted whether the time was yet ripe for such action. Speaking for the Department of Finance, Mr. Deutsch said that there were a number of considerations which counselled caution. In the first place, the tripartite machinery had been only recently established. It would be wise to wait until it was clearer what its functions would be before setting up any machinery under Article 2 of the North Atlantic Treaty. Secondly, it would be very difficult at this stage to find competent personnel to represent Canada on an additional international body of this kind. Thirdly, Canadian participation in an Economic Committee under the North Atlantic Treaty might result in pressure for further financial assistance to Western Europe for which we were not prepared. For these reasons he thought that, although Article 2 of the North Atlantic Treaty would probably prove useful, at this stage it would be well to make haste slowly.

10. It was recognized that one disadvantage of an approach under Article 2 of the North Atlantic Treaty would be that some important members of OEEC would be excluded. A table which is annexed to these minutes,[†] was circulated listing the members of OEEC, the Treaty of Brussels, the North Atlantic Treaty and the Council of Europe. This showed that three countries whose co-operation would be important in any effort to consolidate Western Europe economically are not signatories of the North Atlantic Treaty, although they participate in the work of OEEC. They are Sweden, Switzerland and the German Federal Republic. There are also other members of OEEC—Ireland, Austria, Greece and Turkey—which are not members of the North Atlantic Alliance; but their absence would not be so serious. It was agreed that any scheme for economic cooperation in Europe which omitted Western Germany would be unrealistic. Mr. MacKay suggested that, although it was impossible at the present time to contemplate the admission of Western Germany to the North Atlantic Alliance, it might be possible to devise some way in which Western Germany could be associated with any measures of economic cooperation undertaken under the North Atlantic Treaty. It was felt, however, that such a compromise would present grave difficulties. Mr. Coyne suggested that, if OEEC remained in existence after the end of the European Recovery Programme in 1952,

it might not be too important whether or not economic cooperation conducted under Article 2 included Western Germany, Sweden and Switzerland. It might be enough if the North Atlantic Treaty Organization were to provide an economic link between the countries which are now associated in tripartite economic consultation and a nucleus of OEEC countries sufficient to be representative of continental opinion. The European members of the North Atlantic Alliance might be adequate for this purpose, he thought.

11. According to the Convention which established OEEC, that Organization is intended to be a continuing body. It was recognized, however, that with the end of financial assistance from the United States, one of the chief pressures towards European consolidation would be removed. For the last two years the countries of Western Europe have been subjected to two pressures both forcing them into closer association. One has been the positive weight of United States policy backed by the sanction of financial aid. The other has been the fear of Soviet aggression. If, as seems likely, the positive pressure exerted by the United States is likely to grow weaker as the European Recovery Programme approaches its end, it might be wise to make fuller use of the other stimulus urging Europeans in the same direction, i.e., the fear of the Soviet Union, by subsuming economic cooperation under the North Atlantic Treaty, the avowed purpose of which is to deter Soviet aggression.

686.

DEA/10767-40

*Note de la direction de l'économie**Memorandum by Economic Division*

SECRET

Ottawa, December 5, 1949

MEMORANDUM ON ECONOMIC COOPERATION IN THE NORTH ATLANTIC COMMUNITY

It seems to me that the various regional economic groups which either are in being or have been proposed are, basically, strategic concepts. This is sufficiently clear in the case of the North Atlantic Alliance. But it is also true, I think, of the pattern formed by the European Recovery Programme and the Organization for European Economic Cooperation. Exactly four weeks before Mr. Marshall spoke at Harvard on the 5th of June, 1947, Mr. Acheson, who was then his Under-Secretary of State, spoke at Cleveland, Mississippi. Mr. Acheson's speech was an analysis of the worldwide shortage of United States dollars. But although posing the problem very sharply and clearly, he had no solution to offer, and indeed it would have been possible to suggest a considerable number of ways of handling the problem which he had analyzed so brilliantly. In point of fact, however, it was decided in the State Department in the course of the following four weeks to tackle the dollar problem by pouring goods and credits into Western Europe. The reason why this method of dealing with the worldwide dollar shortage was adopted instead of any other was, essentially, I think that the United States administration wished to make Western Europe a firm bastion against the Soviet Union. To take another illustration of what seems to me a principle of wide application, the proposal for a Franco-Italian customs union was made by France primarily in order to prevent Italy from ever again

becoming so dependent on trade with Germany that a military alliance between the two countries would be highly probable.

2. As strategic expedients, these regional groupings may be useful and even necessary. They are certainly inadequate. This is true even of the largest regional grouping which has been developed so far, i.e., the North Atlantic Alliance. While the Alliance was being formed, and while the attention of policy makers in Washington and elsewhere was focused on the North Atlantic Treaty, the Communists were overrunning China behind our backs. The formation of the Alliance was, of course, a step of great value and importance in checking Soviet aggression. But there is every likelihood that the cold war may last a very long time. In the long run, the solidification of a homogenous group of countries covering even so large an area as is now spanned by the North Atlantic Treaty will not provide an adequate security guarantee for western civilization. In these matters, it is sometimes wise to commune with the ghost of Halford Mackinder. An alliance against the Soviet Union from which the whole of the Eurasian land mass, with the exception of its febrile western tip, was excluded would in the long run be sufficient insurance against Soviet domination. There is the further consideration that the conflict is not merely one between nations and areas but between cultures; and any alliance which is not formed in such a way as to invite sympathy and support from individuals throughout the world, will prove inadequate to the stresses of the ideological conflict.

3. The moral is that all of these regional groupings, including the North Atlantic Alliance itself, must be devised as open-ended contracts. What does that mean in practical terms in the case of the North Atlantic Alliance? It means, I think, that every effort must be made to preserve and strengthen the filaments which now bind countries in the Middle and Far East to members of the alliance. On the economic side, it seems to me that this conclusion points to the necessity either of preserving the sterling area or else finding some substitute set of arrangements which would confer the same advantages on the west as the sterling area confers at present. There were no doubt tangled motives behind India's decision to remain within the Commonwealth. But not the least of them was the determination to convert its sterling balances in London into capital goods for Indian development. The sterling balances, Indian leaders realized, were merely marks in ledgers in a distant capital. If they were to be realized in the form of goods, friendly relations would have to be maintained with the ledger keeper. There can be no doubt, of course, that the strain imposed on the United Kingdom's economy by the sterling balances is intolerable and must be lightened. But this should be done without destroying the economic links which now bind India to the west.

4. The maintenance of the sterling area, or rather the maintenance of some perhaps altered but similar system which would keep India and other eastern countries within the economic orbit of the west, is not a policy which is likely to appeal strongly either to Americans or Canadians. The sterling area has often been defended in the United Kingdom with extravagant and inadmissible arguments, and some of the motives behind the attachment of the British to it are not likely to be congenial to us. Nevertheless, the political arguments in favour of dealing with it cautiously, as I have suggested, are strong.

5. Do not commercial considerations point in very much the same direction? The American proposals for "integration" of Western Europe are perplexing and contradictory. The Administration's policy in the last few weeks has reminded me rather of an inexperienced man's attempts to sharpen a knife. With one stroke of the steel he puts an edge on the blade, with the next he takes it off. Since Mr. Hoffman spoke to the Council of OEEC on the 31st of October, the edge has been taken off his remarks with a vengeance. From remarks at his press conference after he returned from Washington and from indications which have been given to the British both by Mr. Harriman and other ECA officials, it now appears that, insofar as the Americans have a clear idea of what they want in Western Europe, it is merely a multilateral area of countries trading freely among themselves without quantitative restrictions or exchange controls. Such an island of multilateralism is very much what exists already in the sterling area. This area, like Western Europe, must by every means possible be prevented from becoming unnecessarily closed and restrictive. But to encourage regional groupings which would impair its value still further would be mistaken. What is needed is a delicate operation conducted by the United States and the United Kingdom principally, by which the complicated organism of the sterling area could be made to function more wholesomely.

6. If the analysis contained in the preceding paragraphs is accurate, it would seem that the attempt to equip the North Atlantic Treaty with economic machinery is premature. There can be little doubt that the delicate operation of which I have spoken can best be performed in the hushed atmosphere of the tripartite discussions. The surgeons should not be unnecessarily disturbed while they are putting in the sutures. When this operation has been successfully completed, it will be time enough to consider what forms of economic cooperation could best be conducted under the provisions of the North Atlantic Treaty. For, as matters stand at present, it would be almost as difficult for the United Kingdom to participate fully in economic cooperation under the Treaty as it is now for the United Kingdom to throw in its lot wholeheartedly with that of continental Europe. The problems of the sterling area would still remain and would be made, if anything, less tractable by the economic consolidation of the North Atlantic regional group cutting across the maritime and worldwide ties which hold the sterling area together.

D.V. LEPAN

687.

DEA/10767-40

*L'ambassadeur aux États-Unis
au chef, direction de l'économie*

*Ambassador in United States
to Head, Economic Division*

CONFIDENTIAL

Washington, December 10, 1949

Dear Wynne [Plumptre]:

You gave me, when I was in Ottawa recently, a copy of LePan's draft memorandum dated November 21 on European Economic Cooperation. At the same time

you suggested, I think, that you would welcome some comments on this draft from the Embassy.

I have asked Dick Murray to present his comments, and I am enclosing a memorandum which he has given to me in response. This is mainly concerned with an assessment of the aims of the United States in urging the integration of European economy, which were scantily treated in LePan's draft.

He does not go into the problems of organization under Article 2 of the North Atlantic Treaty. The more I think of this, the more I find myself in a haze about what can profitably be proposed at the present time. LePan points out in paragraph 9 of his paper two of the major dangers which are in my mind—the relationship of Germany to a purely North Atlantic economic and financial body, and the risk that anything done now would merely increase the complexity of economic organization without any productive results. In addition, it is apparent that a North Atlantic body would be a most inappropriate agency for dealing with the problem of the sterling-dollar gap, which is the problem of greatest importance to Canada. The tripartite machinery for consultation here is about to concern itself with the intricacies of the finances of the whole sterling area, which is a matter, of course, that the United Kingdom could not discuss frankly in a twelve-power committee or even in a small steering group containing a representative of the continental countries.

I suggest that we should, for the present, put into the back of our minds the questions of eventual organization under Article 2 of the Treaty and concentrate on working out answers from the Canadian point of view to the questions which LePan proposes in paragraph 10(a) of his memorandum. Until we have done this in some degree, I consider that we should not do anything to seek to influence the policy of the United States.

Yours sincerely,
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Ébauche

Draft Text

CONFIDENTIAL

Ottawa, December 7, 1949

MEMORANDUM ON EUROPEAN ECONOMIC COOPERATION PREPARED IN THE
DEPARTMENT IN OTTAWA ON NOVEMBER 21ST

The comments given below are confined principally to the first half of the Ottawa memorandum, i.e., that part of it dealing with the United States impetus behind the drive towards European economic cooperation. What could be or should be done under Article 2 of the N[orth] A[tlantic] P[act] except insofar as it relates to the State Department's attitude towards integration is not commented upon in these notes.

2. There is one important omission in the memorandum,—an omission which ignores the most essential point: Para. 2 suggests that there are only two reasons for the latest United States attempt to push Western Europe towards economic coopera-

tion; the first arises essentially from the old familiar congressional bogey. Do something dramatic is the suggestion, or else Congress will not give you any more money. This is a statement which Americans sometimes use in too loose a way to back up their arguments to get something done which very frequently it is desirable to have done on its merits alone. The same congressional bogey is not infrequently used by other countries to take away from, if not discredit the drive the Americans may be making in any given direction. The fundamental reason which underlies the ECA proposals is that Hoffman, Bissell and their principal advisers hold deep convictions about the necessity for the Europeans in their own interest to take the steps to advance as far as possible towards economic union.

3. It is certainly true that there will be immense difficulties in the way of getting what the Europeans, ECA and Canada might consider an adequate third ERP appropriation. Attempting to predict what Congress might do to an appropriation is a hazardous and unpredictable enough venture at any time. At the present time, several months in advance of the date when Congress will act it is only useful insofar as it enables us to look at this question of integration with a certain amount of perspective. We know that ECA will ask for a sum in the neighbourhood of \$3.1 billions. Normal congressional wear and tear will probably reduce this request to \$2¾ billions. Assuming the worst, it is unlikely that the figure will go below \$2.2 billions. Even the strongest opponents of the Marshall Plan will hesitate in an election year mortally to stab the ECA. Senator [Robert A.] Taft has said the ERP should be carried through to its completion date in 1952 and then stopped. It would seem to be a legitimate guess, therefore, that some sum in the neighbourhood of \$500 to \$750 million will depend, to put it in its crudest terms, on the Europeans doing something "dramatic"; something that will give the solid but not always articulate mass of supporters of the Marshall Plan some concrete achievements to point to. It is quite possible that the Europeans could do something "dramatic" and still get only a little over \$2 billions. That would be bad for everyone. If, however, the Europeans are able to make no substantial progress towards much greater economic cooperation it is certain that they will have to get along with an ECA appropriation of something like \$2 billions. The additional sum which the Europeans stand a good chance to get by doing something "dramatic" (or, looking at it from the threat or scare point of view, which they stand to lose if they do not do something dramatic) is probably fairly close to the amount which the ECA would wish to see thrown into Europe to back up any worthwhile schemes for liberalizing trade and payments or underwriting regional economic unions which might emerge.

4. It seems to me that the attitude which we should take on this point for the time being at any rate is that the Europeans stand a good chance in 1950-51 of getting \$2 billions with which to buy North American (principally United States) supplies and a few hundred millions with which to back up useful trade liberalization schemes if they can work out such schemes and agree on them. Otherwise, they will get \$2 billions with which to buy principally United States supplies and the Marshall Plan will, at that point, start to turn downhill rather sharply.

5. This whole point was put succinctly in the November 10th issue of "Foreign Report" (Page 1, paragraph 5) as follows:

(5) "Genuine belief that the solution of the dollar and political problems lies in creating a free mass market in Western Europe is behind Mr. Hoffman's demands. It is a mistake to attribute them solely to his desire to appease Congress.

"The position of Mr. Hoffman and his colleagues is that American willingness to put up Marshall funds was based on agreement between the United States and the participating countries on two points: (a) that revival of production was a necessary preliminary to a return to economic and political stability; and (b) that efforts must be made to use and plan the manpower and resources of the Continent (and its overseas dependencies) as a whole. Otherwise, Europe could not form a Third Force that would produce enough to resist the pull of America or Russia.

"As regards the second objective, the Americans in ECA are now convinced that nothing much is going to happen. The opposition comes, they feel, from two sources: (a) the European Foreign Offices, who in ECA eyes are opposed to unification both because it is difficult and because they fear the effects on the class structure of Europe of a broad downward spread of consumer goods; (b) from the technicians, who object to abandoning the State trading and regulation of trade on which their domestic policies depend. The American members of the ECA think they find reluctance among their 'striped pants' opposite numbers on the Continent to opening up new strata of demand among the lower classes."

6. The second or additional reason given in the Department's memorandum arises from the anxiety that Western Germany should be "integrated as soon as possible into the Western European community." This is, of course, an important point, particularly insofar as the State Department is concerned. It was probably the State Department's concern about Germany which led them to support the ECA's initiative. The State Department, as we know, have had their worries about Mr. Hoffman going too far and too fast as well as concentrating too much on Europe. As a result, we know that they have been giving some thought to what might be done for the whole North Atlantic community under Article 2 of the N.A.P. The State Department's thinking on this question, however, still seems to be somewhat remote. In the meantime, the State Department are in the position of having to sort out their thoughts on integration and put them into some kind of reasonable order by December 15th. In fact, officials of ECA and State are now meeting daily at ten to work out an integration scheme. A resolution has been passed by OEEC which requires a report by December 15th on the steps which the European countries have taken and propose to take toward European economic unity.

7. This leads to the third or real reason behind the integration drive. Perhaps as good a way as any to explain Mr. Hoffman's concern is to look at the reaction to his speech rather than to the reasons which led up to it. An article in "Foreign Report" (December 1st) entitled, "Europe Scurries for Cover", gives as good a clue as any in the following comment on the reaction of European firms to the threat of liberalization of trade:

"European producers are taking fright at the movement to liberalise trade in the Marshall area and are hastily thinking up ways to protect their industries from

the searching winds of foreign competition. For a generation much of European industry has been sheltered behind an assortment of protective devices, ranging from the classical type of international cartel to the more recent expedient of import quotas. It is the threat to import quotas which has set European businessmen fumbling for their umbrellas."

8. ECA officials are busily thinking up, as they have been for some months past, the best practical methods of pushing the European countries as far as possible along the road of economic integration. (Hoffman wanted to put "integration" on the agenda for the Ministerial talks in September but was dissuaded from doing so by Snyder and Acheson.) The four broad points which ECA has in mind were made known clearly enough by Hoffman in Paris. The ECA does not wish to try to spell out particular proposals in detail. As always the great hope is to have the Europeans come forward with the ideas which they themselves regard as workable. ECA officials are, however, flying back and forth between Washington and Paris with a high degree of frequency at the present time. Bissell is just finishing a hectic week in Paris during which new ideas for the payments scheme involving possibly a central bank are being worked out. Since Hoffman spoke in Paris over a month ago, U.S. officials have been pleased to see the U.K.'s attitude move forward from one of active indifference to one of benevolent neutrality and now apparently to one of leadership in forming a regional bloc of its own. It does seem surprising, in view of the close association between the two governments and the fact that the financial and economic talks were held so recently, that it would take so much manoeuvring and time to get Messrs. Cripps, Bevin, Hoffman and Acheson to understand each other's point of view.

9. If we in Canada are in a position to offer any constructive suggestions or criticisms of proposals which have been made concerning European integration these would be greatly welcomed by United States officials. The statement in para. 6 of the memorandum that "it must be realized that ECA desperately needs to present some striking accomplishment to Congress so that any Canadian representations to the United States, urging that enthusiasm should be tempered with realism, can hardly be expected to do more than slightly modify the Administration's insistence on some positive commitment towards economic integration in Europe", is probably not quite the right way in which to state the case. ECA is not desperate. They are undoubtedly extremely anxious to see the Europeans, for their own sakes, make more progress than they are making to free trade within Europe. Two years ago the key word in the Marshall Plan was that vague unfeeling word, "viability"; today, as ERP moves into its second phase, a new word, "integration", that seems equally vague and may be equally unattainable, comes forward to take the limelight.

10. If our officials do intend to devote a good deal of energy to the "urgent re-examination" of the various plans for European economic cooperation, I would think that before tackling larger schemes under Article 2 it would be a worthwhile exercise to see if in Ottawa we have many definite ideas on schemes aimed at liberalizing trade in Europe and making possible a constantly rising standard of living. Is it time, for instance, to have important changes made in the intra-European payments scheme? Do we agree with Mr. Hoffman that dual pricing is a bad thing economically and an absurdity from the point of view of the Europeans'?

pledges for mutual cooperation? The Americans talk from time to time about the creation of a Central Bank for Europe. Such an institution, in the first instance, probably would exercise nothing more than an advisory role. A trade regulatory body along the lines of a super Interstate Commerce Commission is another idea which many U.S. officials find attractive. As the OEEC fortunately moves away from the grinding and disruptive tasks of minute programming and attempting to divide up the ECA allocation, it might be able to develop into a rather more formal and permanent body having wide powers in the trade regulatory field. The ECA's aim is somehow or other to get the Europeans themselves to break down as many trade barriers as possible without resurrecting new ones and at the same time build up a European organization which would have growing authority in the fields of fiscal and monetary policy and the regulation of trade.

11. I think that we need not concern ourselves about trying "to influence United States policy in the direction of a greater awareness of the difficulties in the way of European economic integration". The sixteen ECA Missions in Europe as well as the many competent State Department officials in Western Europe, unlike a good many congressmen and newspapermen, are only too aware of the difficulties to be overcome. Mr. Hoffman speaking at West Point on December 1st, shows that he realizes the difficulties are great but that the goal is nevertheless one which must constantly be aimed at:

"For 50 years, there has been a lack of real competition and, consequently, a lack of the results that come only from true competition. The individual countries kept competition outside their boundaries by withdrawing into almost water-tight compartments. They imposed import controls, ran up tariffs and negotiated cartels. Monopolies became the rule in practically all the basic industries. Research for new materials and products and methods was unnecessary. Products and production methods became static. It is going to require immense adjustments in Europe to meet these basic problems, for they are not only physical, they are entrenched in the European mind. They will not be met overnight. "Just a month ago I met with the Council of Ministers of the Organization for European Economic Cooperation in Paris. What I had to say to the Ministers resulted from my own thinking on the problem, and from long talks with our ECA Special Representative in Europe, Ambassador W. Averell Harriman, and with our Ambassadors in the participating countries. Growing out of these consultations was the program of action that I presented to the Ministers on October 31st. I gave them certain short term objectives—ending dual pricing, making up a much longer and better list of goods that could move without import quotas, and establishing some means for facilitating the convertibility of currencies.

"But more vitally, I held up a long-range goal. The long-range goal I put before the OEEC was the effective integration of the economy of Western Europe—the building of a single market of 270 million consumers, in which quantitative restrictions on the movement of goods, monetary barriers to the flow of payments, and eventually all tariffs should be permanently swept away.

"No one knows better than I do the difficulties in attaining the long-range goal which I set before Europe. Not only will traditional prejudices among the Western European nations have to be resolved, but, in addition, new and frenzied efforts by Russia's fifth columns will have to be overcome. For Russia sees in the integration of Western Europe the single greatest threat to her plans for world conquest."

J.R. MURRAY]

688.

DEA/10767-40

*Note du chef, direction de l'économie
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic Division
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, December 10, 1949

ARTICLE 2 OF THE NORTH ATLANTIC TREATY

I imagine that you will have seen Bill Mackintosh's⁷⁴ interesting article in the October issue of Foreign Affairs on "Canada's Stake in Anglo-American Solidarity". In the final paragraph of the article, he drew attention to the fact that the North Atlantic community in two wars had "sprung into being for the salvation of Western civilization" and went on to insist that the "Atlantic Pact is so much paper unless behind it stand a community of interest and a group of healthy cooperating nations". In the course of a lecture which he delivered to the National Defence College in Kingston on the 15th of November, he developed this theme rather further. After suggesting that the nations associated in the North Atlantic Treaty form a natural and fairly coherent economic unit, he advocated that steps should be taken under the Treaty to keep under examination the problems of trade within the area and to develop joint measures by which the present difficulties might be overcome.

2. In view of these remarks, I thought that it might be worthwhile to ask for his views as to how we might best proceed in implementing Article 2 of the Treaty. Accordingly, when he was in Ottawa earlier this week, I arranged for a few people to meet with him at lunch to discuss this problem. Lou Rasminsky was there and Terry MacDermot and LePan as well as myself. Bill's ideas on this subject, I am afraid, are not much more precise than ours. He did, however, have one interesting suggestion to make.

3. After protesting modestly that it was unfair to expect a professor to be able to translate the peroration of a lecture into government policy, he explained that, when he was speaking to the National Defence College, he was thinking of only two concrete points:

(a) Canada's traditional trade with the continental countries of Western Europe has been considerably greater than the trade figures would suggest, since many

⁷⁴ W.A. Mackintosh, doyen de la Faculté des Arts, université Queen's.
W.A. Mackintosh, Dean of Arts, Queen's University.

shipments (of wheat, for example) which were destined for continental countries were consigned in the first instance to United Kingdom ports and went to swell the total of exports to the United Kingdom in the trade figures.

(b) In two world wars, Canada and the United States were drawn into what amounted to a North Atlantic Alliance, and for the duration of the war this area operated more or less as an economic unit. On both occasions, however, after the war Canada was extruded economically, as it were, from the area. It would be well for Canada to try in every way possible to prevent itself from being squeezed out of this economic grouping.

4. There are important points, but do not carry us very far in answering the question of what should be done to implement Article 2. Bill had not yet seen the passage in the Minister's speech on this subject. When it was shown to him, he said that he would not be in favour of establishing a formal committee under Article 2, at least at this stage. He recalled his rather disillusioning experience as a member of the wartime Economic Committee between Canada and the United States, which as you will remember, was highly ineffective. However, he suggested that it would be useful to convene a conference of all the North Atlantic countries in order to consider the problems of economic cooperation between them. The calling of this conference should be represented, he thought, as an isolated event, although if it became clear in the course of the conference that some permanent mode of economic cooperation would be advisable, the establishment of committee machinery need not be ruled out. This method of approach attracted me, since it would avoid the danger of establishing economic machinery before it was certain whether there was real work to be done. Two difficulties, however, present themselves. I am not sure whether such a conference could appropriately be convened within the framework of the North Atlantic Treaty organization, which seems to consist throughout of a fairly rigid committee structure. Secondly, I am doubtful whether, if it became clear in the course of such an *ad hoc* conference as he had in mind that permanent economic machinery was inadvisable, we could stop such an initiative dead at that point. The ground is already littered with any number of committees which obstinately refuse to die, although they have now no further purpose. We might find that, if we participated in a conference of this kind, it would result willy-nilly in the creation of another unnecessary body.

5. Nevertheless, I think Bill's suggestion is worth exploring. I suspect that there will be little for an Economic Committee established under Article 2 of the Treaty to do until the European Recovery Programme is much nearer to its close. That is still a long time in the future, however, and we can hardly expect Mr. Wrong to stall for perhaps a full year in the Working Group. In addition to throwing light on what an Economic Committee of the North Atlantic powers could do when ERP comes to an end, an *ad hoc* conference would have the advantage of bridging an awkward gap.

6. On the question of timing, you might be interested in looking at a personal memorandum which has been drawn up by LePan. This memorandum suggests that the most urgent question at present is some resolution of the problems of the sterling area; and those problems can be dealt with most effectively within the tripartite

framework. If this line of reasoning is correct, it would not be advisable to establish economic machinery under the North Atlantic Treaty before an operation has been performed on the sterling area. Bill was inclined to agree with this argument but he suggested, sensibly I think, that it would not be necessary entirely to mark time in the meantime. Steps could be taken to forward economic cooperation under the Treaty (an *ad hoc* conference for example could be convened) before the problem of the sterling area had been resolved, even though it was realized that economic cooperation on this scale could hardly be effective until the United Kingdom's obligations to its sterling area creditors had been lightened. I might explain, by the way, that all of us were assuming that the problems of the sterling area could not drag on indefinitely; they would have to be resolved one way or the other by the end of 1950.

A.F.W. P[LUMPTRE]

689.

DEA/10767-40

*Note du chef, direction de l'économie
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic Division
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, December 17, 1949

ARTICLE 2 OF THE NORTH ATLANTIC TREATY

We have now consulted with the Department of Finance and the Bank of Canada concerning Article 2 of the North Atlantic Treaty. I have also had a conversation with Dr. W.A. Mackintosh on this subject.

2. There is wide agreement on the following four conclusions:

(a) At some stage it would be useful to establish machinery under Article 2 of the Treaty in order to effect a marriage between the tripartite economic machinery and OEEC.

(b) The time is not yet ripe to establish such machinery, since it is not yet clear what the real content of economic cooperation between the North Atlantic powers might be.

(c) The need for economic machinery under the North Atlantic Treaty will not become pressing until the European Recovery Programme is much nearer its close.

(d) The closer economic consolidation of the North Atlantic community would be neither desirable nor possible until there has been some resolution of the problems of the sterling area.

3. In the view of the Department of Finance, there are three reasons which argue in favour of caution in setting up machinery under Article 2:

(a) The tripartite machinery has been only recently established. It would be wise to wait until it is clearer what its functions will be before setting up any machinery under Article 2.

(b) It would be very difficult at this stage to find competent personnel to represent Canada on an additional international body of this kind.

(c) Canadian participation in an Economic Committee under the North Atlantic Treaty might result in pressure for further financial assistance in Western Europe, for which we may not be prepared.

4. At present, the United Kingdom is inhibited from cooperating fully in economic matters with continental Europe because of its commitments to the sterling area. Until these sterling area problems have been resolved, it would be equally difficult for the United Kingdom to cooperate wholeheartedly in a North Atlantic economic grouping. What is needed is a delicate operation conducted by the United States and the United Kingdom, principally, on the complicated organism of the sterling area. This operation can best be performed either in the hushed atmosphere of the tripartite discussions or perhaps in direct bilateral negotiations between the United States, on the one hand, and the United Kingdom and its sterling area creditors, on the other. The problems of the sterling area must be resolved in some fashion during 1950. Either the United Kingdom must refuse to permit drawings on the accumulated balances in order to check the drain on its gold and dollar reserves or else the United States must undertake some of the responsibility for repaying these debts. This is the most urgent financial problem at the present time and until it has been tackled, it would be impossible to expect close and effective economic cooperation between the North Atlantic countries.

5. It will, therefore, be necessary for our representatives in the Working Group of the North Atlantic Treaty organization to stall for quite some time on our proposal for implementing Article 2. The best policy would seem to be that they should recommend that this question be remitted for study by a small group of experts to consider what might be the real content of economic cooperation between the North Atlantic Treaty countries, and also through what machinery this cooperation might best be effected.

6. Our representatives in Washington may wish to consider a tentative suggestion which has been made by Dr. Mackintosh. He has suggested that it might be useful to convene an *ad hoc* conference of all the North Atlantic countries in order to consider the problems of economic cooperation between them. The calling of this conference might be represented as an isolated event, although, if it became clear in the course of the conference that some permanent mode of economic cooperation would be advisable, the establishment of committee machinery need not be ruled out. This method of approach would seem to have the advantage that it would allow the problems of economic cooperation in the North Atlantic area to be thoroughly canvassed without committing governments to the establishment of permanent economic machinery. It would also serve to fill in what may prove to be an awkward and embarrassing interval. On the other hand, it might have two disadvantages:

(a) It is doubtful whether such a conference could appropriately be convened within the framework of the North Atlantic Treaty organization, which seems to consist throughout of a fairly rigid committee structure.

(b) The momentum created by the calling of an *ad hoc* conference might result inevitably in the establishment of permanent economic machinery, whether or not it was clear that there would be real work of a permanent kind to be done. Nevertheless, I think that this suggestion is worth exploring.

7. I have listed in an annex the various papers which have now been prepared on this general subject, and have given some indication of their contents, in case you may wish to peruse this subject further. All of these papers are attached.

8. I am circulating this memorandum, along with the other related papers, to Mr. Reid, Mr. MacDermot, and Mr. MacKay. After the policy meeting on this subject which, I understand, is to be held next Tuesday, the 20th of December, I suggest that these papers might also be referred to Washington and London.

A.F.W. P[LUMPTRE]

690.

DEA/10767-40

*Le chef, direction de l'économie
à l'ambassadeur aux États-Unis*

*Head, Economic Division
to Ambassador in United States*

CONFIDENTIAL

Ottawa, December 23, 1949

Dear Mr. Wrong,

Thank you very much for your letter of the 10th of December enclosing some comments by Dick Murray on our memorandum on European economic cooperation. His main point that pressure from ECA for economic "integration" in Western Europe is the expression of a profound conviction held by Hoffman, Harriman, Bissell and others that closer economic cooperation in Europe is in Europe's own best interests was a useful corrective here. Until recently, one of our difficulties in understanding United States policy in this field has been that, although we could detect a note of passion and conviction in Hoffman's statements, we could not discover with any precision, the objective towards which his passion was directed. Now that it is much clearer what type of economic cooperation ECA has in mind for the OEEC countries, the obscurity in which we were groping has been pierced. Dick's memorandum represented a valuable stage in our enlightenment.

In your own letter, you mentioned various reasons which would make it difficult at this time to implement Article 2 of the North Atlantic Treaty. Those reasons, I think are appreciated here. Since you were in Ottawa, several further memoranda on this whole question have been prepared. They will be sent to you as soon as they have been discussed and approved. One of them makes very much the same point as you do about the impracticability of considering the problem of the sterling-dollar gap within some North Atlantic body. It seems to us here that the most pressing question at the moment is to come to some resolution of the difficulties of the sterling area. What is needed is a delicate operation on the complicated organism of the sterling area conducted by the United States and the United Kingdom, princi-

pally. This operation can best be performed in the muted atmosphere of the tripartite discussions or perhaps in direct negotiations between the United States, on the one hand, and the United Kingdom and its sterling area creditors, on the other. Until this problem has been tackled, it would be impossible to expect the United Kingdom to cooperate wholeheartedly in any North Atlantic economic grouping. I hope before long to be able to write to you more fully about this whole subject.

Yours sincerely,

A.F.W. PLUMPTRE

691.

DEA/50105-40

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Under-Secretary of State for External Affairs
to Ambassador in United States*

SECRET

Ottawa, December 29, 1949

Dear Mr. Wrong,

We have been grateful for the interesting and valuable material which you have been sending us lately on the United States pressure for economic "integration" in Europe. Now that the froth has been blown off this subject and it is possible to see more closely the body of the United States' proposals, I think I should let you know that there are serious misgivings in many quarters here about the form events are taking.

In the Department of Finance and the Bank of Canada and elsewhere there is apprehension that the ECA plans for a European Clearing Union may lead to the creation of a closed trading bloc from which we and the United States would be increasingly excluded. Full credit is given here to Mr. Hoffman's missionary zeal; but it is doubted whether it is well directed and whether Mr. Hoffman and his associates have examined carefully enough what would probably be the practical consequences of the gospel they are propagating. There is, of course, some substance in his main argument that the formation of a wider market in Europe with fewer barriers either of exchange control or of quantitative restriction should lead to some increase in competition and so to greater efficiency and to lower costs and prices. Some European industries which have been long established might in this way feel the salutary spur of competition. However, it is also highly likely that the type of arrangements for which Mr. Hoffman is pressing would result in a spate of uneconomic developments. European countries are being urged to trade more freely among themselves and to supply more of their own needs. Under this incitement they will have every excuse for developing within this area both new high-cost industries and increased high-cost agricultural production to provide for their own requirements. Already this has been happening with the blessing of ECA. It is a widely held view here that such undesirable developments are likely to be increased rather than retarded by the introduction of this new plan for a Clearing Union.

Another serious objection to it is that it would include the sterling area. As you know, inflation is still rampant in many sterling-area countries. One effect of the Clearing Union plan would be to infect the whole of the area included in the plan with the sterling-area's virulent inflation. What many of our experts are afraid of is that this plan would mean in fact the creation of a closed, high-cost, inflationary economic bloc.

I should also tell you that there is some suspicion here that the enthusiasm in Washington for economic integration in Europe may be the counterpart of pessimism that the United States will ever be able to eliminate its export surplus by encouraging imports and by investing abroad. To many people here the attempt to set up Western Europe as a much more self-contained economic unit appears to be a subtle kind of neo-isolationism. The Americans are understandably insistent on bringing to an end the continual series of appropriations for Europe, which even now are very difficult, and which before long may become impossible, to secure. If by 1952 or earlier Western Europe were "integrated", it could be set adrift with fewer qualms of conscience.

To all this it could be argued that the Americans are merely insistent that Western Europe countries become self-supporting and that they hope this can be accomplished by their exporting more to the dollar area rather than by importing less. The plan for a Clearing Union, however, will generate no forces to drive the countries of Western Europe to solve the problem of viability in this way. Indeed it is considered here that in all likelihood under the pressure for "integration" the solution will be found by restricting dollar imports further and further.

If this is indeed the inwardness of United States policy at the present time, it must be a matter of great concern to us. The United States with its comparatively slight dependence on exports could perhaps afford such a policy without too great internal economic dislocations. That is not true of Canada, to which exports are so enormously more important.

In order to make clear the misgivings which are felt here, I may have overstated them. They are serious, however, and stubbornly rooted. I gather that you are planning to meet with Mr. Acheson and Sir Oliver Franks early in the New Year. I should be grateful if you would bring this matter up informally and outline the reasons why we are fearful of the possible consequences of United States pressure for European integration.

Yours sincerely,
A.D.P. HEENEY

692.

DEA/50105-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, December 29, 1949

We have received from Mr. Wrong a telegram, WA 3472 of the 22nd December,† which I think you have seen, concerning Article 2 of the North Atlantic Treaty. Mr. Wrong reminds us that a routine meeting of the North Atlantic Council is proposed for January 5th or 6th, and he indicates that the question of machinery under Article 2 of the Treaty may come up at this meeting. He recommends that we should *not* ourselves introduce the subject. If, as is possible, the question is raised by one of the other ambassadors who have taken an interest in it, he suggests that he might take the line that too little time has elapsed since the last meeting to develop suggestions which could profitably be discussed in the Working Group.

2. His recommendation should be accepted, I think. There are a number of strong reasons why it would be unwise at the present time to attempt to advance this question further in the North Atlantic Council:

(a) In spite of consultation with the Departments of Finance and Trade and Commerce and the Bank of Canada, we have been unable to define what a Committee established under Article 2 of the Treaty might do.⁷⁵

(b) It seems unlikely that economic cooperation between the North Atlantic countries could be profitable at the present time. It is generally believed that this Article of the Treaty will become useful only as the European Recovery Programme is nearer to its close. There is the further difficulty that at the present time the United Kingdom would be inhibited from close economic cooperation with other members of the North Atlantic community because of the burden of its sterling indebtedness. The problem of the sterling balances will have to be resolved in one way or another during 1950. Until this has been done genuine economic cooperation under Article 2 would be impossible. The problem, as you are aware, has already been considered in a preliminary way in the continuing tripartite conversations in Washington; and it seems clear that it can be resolved only there or in some other similarly closed forum.

(c) There is a very considerable divergence of view among officials here, not only concerning Article 2 of the North Atlantic Treaty, but also concerning the insistence of the United States authorities on economic "integration" in Europe, which has now crystallized into the ECA proposals for a European Clearing Union. Until a commonly accepted Canadian view on this subject has been established, further attempts to give institutional form to Article 2 of the Treaty would seem premature.

⁷⁵ Note marginale/Marginal note:

Has any report been made as a result of this consultation [L.B. Pearson]

(d) As Mr. Wrong notes in his telegram, some preliminary discussions with the British and the Americans would seem advisable before this complex issue is thrown for study into an international body representing twelve countries.

3. For these reasons, I think that we should accept Mr. Wrong's recommendation to temporize for a little longer in the North Atlantic Council. When our own ideas have become clearer and when we have had an opportunity of consulting with the British and Americans on this subject, we will be able with much less risk to promote plans for genuine economic cooperation in the North Atlantic area. At the present time I imagine a Canadian initiative in the Council would attract considerable support from some countries, notably France and Norway, which have already expressed their interest in equipping Article 2 with machinery. Such support, however, might prove highly embarrassing and even dangerous if we had not clearly defined in advance what we wished to be the consequences of our initiative. I have therefore prepared a reply to send to Mr. Wrong, if you agree, accepting his suggestions.⁷⁶ This draft is attached.†

4. Copies of the interlinked papers which have been drawn up within the Department in the last few weeks on this general subject† are attached for your information.⁷⁷

A.D.P. HEENEY

693.

DEA/10651-40

*Note du chef, direction de l'économie
au Groupe de travail tripartite*

*Memorandum from Head, Economic Division
to Tripartite Working Group*

SECRET

Ottawa, January 6, 1950

EUROPEAN INTEGRATION: ARTICLE 2 OF ATLANTIC PACT

Following our discussions of this subject (including the more or less accidental discussion with Mr. Willoughby in my office) it was raised at a meeting in Mr. Heeneey's office. Mr. Heeneey then had a discussion with our Minister. The following decisions were reached:

(a) The question of cooperation under Article 2 should not be raised for the time being by Canada in the North Atlantic Council. This does not mean that the proposal is abandoned, but rather that further consideration and exploration is necessary

⁷⁶ Note marginale/Marginal note:

I don't object to the course proposed; an additional point is that the first examination might well be at a ministerial meeting of the Council. We must be very careful however not to give the impression that we are losing interest in Art 2—which is *not* the case LB P[earson]

⁷⁷ Note marginale/Marginal note:

Mr. LePan: Minister asked to have full set of these papers for Colombo journey. PI[ease] see his comments on memo. Wire to Wrong & despatch may require amendment in view of Mr. Pearson's note on p. 3 Dec 31 A H[eeney]

before it can be usefully discussed in the Council. I attach a teletype to Washington, dated December 31, 1949,† on this subject.

(b) It was desirable to get the views of our missions abroad, not only in Washington, but also in London and the European capitals. Hence we have despatched to these points sets of papers on this subject. (You have already seen almost all of these papers in one form or another). Comments are invited from the missions and these should reach us within two or three weeks.

(c) Cooperation under Article 2 should be explored with the United States and the United Kingdom informally before introducing the subject into the North Atlantic Council. The Tripartite meetings should provide a useful forum.

(d) Quite apart from Article 2 it seemed desirable to warn United States authorities of certain misgivings in Ottawa regarding "European integration". This should be done immediately and again the Tripartite forum should prove useful. I attach a copy of a letter from Mr. Heeney to Mr. Wrong dated December 29, 1949.

2. In our last meeting (the one with Willoughby) the new E.C.A. plan "On Intra-European Currency Transferability and Liberalization of Trade" was under discussion. Mr. Rasminsky has written a letter to Mr. Bissell of E.C.A. on this subject, dated January 3rd.† I attach a copy of Mr. Rasminsky's letter. You will see that it fits in closely with Mr. Heeney's letter to Mr. Wrong.

3. Most of the discussion here has been a little sceptical both of the purposes and the results of European integration. We have received from Washington a vigorous defence of the E.C.A. position written by Dick Murray. I think this is useful to act as an antidote against extreme pessimism! I attach a copy of it.†

A.F.W. PLUMPTRE

CHAPITRE VIII/CHAPTER VIII

AVIATION CIVILE CIVIL AVIATION

PREMIÈRE PARTIE/PART 1

ORGANISATION DE L'AVIATION CIVILE INTERNATIONALE (OACI) INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)

SECTION A

ACCORD AVEC L'OACI CONCERNANT LE SIÈGE SOCIAL HEADQUARTERS AGREEMENT WITH ICAO

694.

DEA/9655-E-2-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, April 7, 1949

RE: HEADQUARTERS AGREEMENT WITH THE INTERNATIONAL CIVIL AVIATION
ORGANIZATION

On March 23, 1949, Mr. Pearson authorized the Department to discuss with officials of ICAO a draft "Headquarters Agreement" on Privileges and Immunities. The draft would extend to ICAO only the privileges and immunities capable of implementation under existing federal legislation; it would *not* extend exemption from provincial or municipal taxes. A principal object of these discussions was to determine whether ICAO would insist on privileges and immunities extending specifically to provincial and municipal taxes which might mean that these authorities would have to be asked to join in the negotiations.

2. A meeting was held Monday, April 4, with Dr. [E.] Pépin, the Legal Adviser of ICAO, in the course of which our representatives learned that ICAO would not be content with anything less than total exemption from taxation of every kind both for the Organization and its Representatives of Members, viz., federal, provincial and municipal taxes, direct and indirect. It was stated that Council Members are of the opinion that the Government of Canada, as a host state, is at least morally obliged to grant total exemption from taxation, since many of the Members of the United Nations and Specialized Agencies have done so with consequent benefit to Canada in the way of reduced contributions to the budgets of these Organizations.

3. Accordingly, it would appear that in order to satisfy ICAO demands, the contemplated agreement cannot be concluded until (and unless) we obtain the concurrence of the Provincial and Municipal authorities at least in regard to exemption

from taxation coming within their jurisdiction. The problem is: should the concurrence be obtained by direct negotiation between ICAO and these authorities or should the Provincial and Municipal authorities be invited to join with the Federal Government in the negotiations now proceeding?

4. In some instances, ICAO has sought exemptions from provincial taxes by direct representations to the province. In particular, ICAO sought to obtain free licence plates for the cars of the Organization and of the Representatives of Members. The provincial authorities, we were informed by Dr. Pepin, turned down the request, although Consuls in Montreal are not charged. This decision on the part of the provincial authorities has apparently much disturbed the Council Members. At a session held recently, they instructed their Secretary-General to write to the Premier of Quebec to find out just what the status of ICAO was and especially where they stood in regard to a privilege, already granted to Consuls, to which they considered themselves also entitled. We were informed that the Council Members have decided *not to purchase their 1949 licence plates* but to await developments. It seems that they are even disposed to face possible court action. Similarly, instructions are being issued to discontinue paying the provincial sales tax, particularly on printing matter which involves an expenditure of many thousands of dollars without this point first being approved by the appropriate authorities.

5. This attitude on the part of the Council, coupled as it appears to be with reluctance on the part of the provincial authorities, may cause considerable embarrassment if it is not modified in time. Even now there is a Resolution before the Council which, if adopted, will provide that the seat of the Headquarters can be moved to another country by a straight majority vote.

6. My own view is that before replying to Dr. Pepin (who has officially sought our views) on the relatively minor issue of licence plates, we should first determine whether we would wish to discuss the general problem (of immunity from provincial and municipal taxation) with the appropriate provincial authorities. Our reply to Dr. Pepin would almost certainly be affected by the attitude of the Quebec authorities. If, for instance, they were to appear to favour tax exemption in principle, the problem of licence plates might not have to be taken up specially with Mr. Duplessis.¹

7. To forestall a possible serious breach in the relations between ICAO and Quebec, not to say between ICAO and the Federal Government, and to be in a position to proceed to a conclusion, the government might think it advisable to sound out informally the Provincial Government on their attitude to an agreement of the kind desired by ICAO. Soundings might be made to Quebec by officials of the Department; on the other hand the Government might wish to have this done at the political level. If there were grounds for believing that the Provincial Government were favourably disposed, their concurrence to the general terms of the Agreement and to the granting of exemptions from provincial taxation might then be requested either by the Federal Government or by ICAO direct. ICAO might negotiate directly with Quebec or, alternatively, Quebec might be asked to join in the negoti-

¹ Maurice Duplessis, premier ministre du Québec/Premier of Quebec.

ations with the Federal Government. My own feeling is that the former procedure would be preferable.

8. The alternative appears to be for us to tell ICAO to go ahead, so far as provincial and municipal taxes are concerned, and to negotiate directly with the province, without any intervention by us. After all it is the municipality and the province which profit most from the presence of ICAO at Montreal. On the other hand we would be telling ICAO to "go ahead", without ourselves knowing where the chips might fall, and we might, probably would, be accused of not furthering to the maximum the desires of ICAO for privileges and immunities.

9. I would appreciate your early instructions since the matter is pressing. You may wish to mention the matter in Cabinet.

A.D.P. HEENEY

695.

PCO/Vol. 124

*Note du secrétaire d'État aux Affaires extérieures
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs
to Cabinet*

Ottawa, April 11, 1949

INTERNATIONAL CIVIL AVIATION ORGANIZATION HEADQUARTERS—MONTREAL

When Montreal was selected as headquarters for the International Civil Aviation Organization, the facilities of the Department of Public Works were made available to find temporary accommodation for which the Organization paid the usual commercial rental.

2. Discussions have taken place between International Civil Aviation Organization, the Department of Public Works and the Canadian National Railways concerning the terms upon which the Organization could obtain permanent headquarters, consisting of 91,020 square feet, in the International Aviation building being constructed in Montreal by the Canadian National Railways. It has been agreed that the space should be leased by the Department of Public Works, the International Civil Aviation Organization to be a sub-tenant.

3. The Canadian National Railways are willing to lease this space to the Department of Public Works for twenty years at a rental of \$3.25 per square foot per annum, which rental is reasonable in comparison with that being paid for similar accommodation in Montreal.

4. The Secretary General of the International Civil Aviation Organization has stated that he does not consider the Organization should be asked to pay an amount in excess of \$2.50 per square foot per annum including the amortization over the term of the lease of special work, being undertaken to adapt the premises for the requirements of the Organization, at an estimated cost of between \$250,000 and \$300,000. Annual payments of \$18,484.32, or 20.307¢ per square foot would repay \$275,000 with interest in twenty years.

5. The Secretary General bases his request on the example of the interest-free loan granted by the United States Government to finance the United Nations headquarters in New York. He states that similar offers have been made by European Governments to provide suitable accommodation if they are selected as the headquarters for subsidiary bodies of the United Nations.

6. The Director of the Cost Inspection and Audit Division of the Office of the Comptroller of the Treasury advises that \$2.50 per square foot would appear to be a reasonable estimate of the cost of the space to be leased by the International Civil Aviation Organization. The rent asked by the Canadian National Railways will, therefore, result in an annual profit of \$68,265.

7. I do not consider the Canadian Government has any obligation to provide headquarters accommodation for the International Civil Aviation Organization below cost, but I do not think the rental charged to the Organization should include a profit for a Canadian Government-owned corporation.

8. I, therefore, recommend that space in the International Aviation building be rented to the International Civil Aviation Organization at \$2.50 per square foot per annum plus an amount that will repay, over the term of the lease, the cost of special work being undertaken to adapt the premises for the requirements of the Organization, and that the Department of External Affairs provide, in its estimates, a sum sufficient to pay to the Department of Public Works the difference between the rent to be received from the Organization and that to be paid to the Canadian National Railways.²

L.B. PEARSON

696.

DEA/9655-E-2-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

Ottawa, April 25, 1949

RE: HEADQUARTERS AGREEMENT WITH ICAO

Further to my memorandum of April 7, and in accordance with your suggestion, I asked ICAO to send us a letter requesting the Government to use its good offices in arranging for representatives of ICAO to meet with the appropriate authorities in the Province of Quebec in order that satisfactory arrangements for privileges and immunities coming within the provincial jurisdiction might be concluded concurrently with the completion of a Headquarters Agreement with the Government of Canada. Such a letter, dated April 14, 1949,† has been received and is now attached for your consideration.

² Approuvé par le Cabinet, le 12 avril 1949.
Approved by Cabinet on April 12, 1949.

2. You also suggested that I might prepare a draft communication to the Premier of Quebec along the lines indicated in paragraph 1 above. Attached for your consideration is such a draft communication.†

3. You may wish to know, on July 22 (and again on October 4, 1948), the Department wrote to the Quebec authorities on the general question of immunities for diplomats, as well as for international organizations such as the International Civil Aviation Organization. The letter of October 4 was in the nature of a hastener. However, it referred specifically to the question of free licence plates and of tax-free gasoline. We were informed by Mr. Duplessis on December 9 that his Executive Council had decided that, in dealing with questions of exemption from provincial taxation, they would prefer to examine and decide each individual case on its merits rather than to accord privileges on a general basis. In addition, he made a statement to the press in January, 1949, to the effect that the Province of Quebec would not grant diplomatic immunity to Soviet representatives.

4. This experience, coupled with the fact that ICAO has already been refused free licence plates (by Quebec provincial officials) for 1949, leads me to believe that the approach to the Quebec Government should be most tactful. It might indeed be advisable to defer writing formally to the Premier of Quebec, until the nature of the probable reply has been ascertained through informal soundings. These could, of course, be taken either on the official or on the political level. Mr. Pearson, in considering the reply to be made to Mr. Duplessis' letter of December 9, indicated (on January 19, 1949) that:—

“It is my view that no letter of any kind should be sent to Mr. Duplessis at this time”.

5. The foregoing is not particularly reassuring as to the probable reaction of Quebec to our “good offices”. There is, certainly, *some* risk of a formal and positive rebuff. It might therefore be better (so far as satisfying ICAO is concerned) not to run the risk of such a closure until ICAO has had an opportunity of dealing directly with the provincial authorities.

6. If, after informal soundings have been taken, it appears that the Government of Quebec is not willing to cooperate, the Government might not wish to write formally to Mr. Duplessis, but to advise ICAO that the Organization is free to initiate arrangements directly with the provincial authorities. If, at this later stage, ICAO is unsuccessful, it would still be possible for the Government to espouse ICAO's cause formally with the Province.

7. I would be most grateful if you could indicate whether the probable Quebec reaction should (as suggested) first be ascertained informally, either at the political or official level, or whether you think that we should now communicate formally with Mr. Duplessis along the lines of the attached draft. The letter, if it goes forward, would of course be in the French language. As now drafted, it is addressed by the Prime Minister to Mr. Duplessis. A possible alternative, however, would be for a letter to go from the Secretary of State for External Affairs to the Provincial Secretary.

8. You may wish to discuss these matters with your Cabinet colleagues. Mr. Pearson has of course been most actively interested.

9. The matter is of some urgency in that the Council of ICAO meets on June 8 and hopes that its status in Canada (both under the principal Headquarters Agreement and under a supplementary agreement with Quebec) may be settled at the sessions beginning on that date. The principal agreement is now in its final stages and could, I think, be quickly completed. ICAO is however anxious that the provincial aspects are completed simultaneously.

A.D.P. H[ENEY]

697.

DEA/9655-E-2-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], June 1, 1949

RE: HEADQUARTERS AGREEMENT ON PRIVILEGES AND IMMUNITIES WITH THE
INTERNATIONAL CIVIL AVIATION ORGANIZATION

At the invitation of the Department of External Affairs, ICAO submitted to the Government on March 24, 1948, a provisional draft of a headquarters agreement, dealing with the privileges and immunities to be accorded by the Government of Canada, which the Secretary of State for External Affairs found acceptable as a basis for discussion. This draft was then submitted to the various interested departments for examination and comment. A number of revisions were found to be necessary. However, agreement on a new text was reached among the departments concerned in May of this year. The draft has since been prepared in final form and unofficially submitted to ICAO's Legal Adviser, who is prepared to recommend its acceptance by the Organization.

2. The draft agreement would regulate such matters affecting ICAO as come within the federal jurisdiction. There are, however, other matters which lie within the competence of the provincial and municipal authorities and which the officials of ICAO consider necessary to the fulfilment of its purposes. The good offices of the Department of External Affairs were accordingly requested by the Secretariat of the Organization in its negotiations with the Province of Quebec. In a letter dated April 25, 1949,† addressed to the Premier of that Province, the Acting Secretary of State for External Affairs enquired whether the appropriate provincial authorities would be prepared to enter negotiations with ICAO on the subject of privileges and immunities within provincial jurisdiction. A reply to this enquiry has not yet been received.

3. Since the Assembly of ICAO will convene in Montreal on June 7, the Department asked the Secretary-General of ICAO whether the Organization would prefer to proceed now toward the conclusion of an agreement with the Government of Canada or to await a response from the Province of Quebec. The Secretary-General of ICAO in a reply dated May 31 requested the Department of External Affairs to

move formally towards the conclusion of the agreement. Attached is the text of the draft agreement.†

4. Ideally, I suppose that the consent of the Houses of Parliament should be obtained. However, this is not legally required and would be impossible to obtain. Presumably, the Government might be prepared to assume the responsibility for regularizing the position of ICAO in Canada, even though Parliament is not sitting. As you know, we are in default vis-a-vis ICAO in this matter.

5. I believe you know that the opinion has been expressed that the agreement could be implemented by Order-in-Council under the Privileges and Immunities (United Nations) Act, if that Act is given a liberal interpretation. I am not sure whether you would wish or would have an opportunity to raise this with your colleagues in the Cabinet.³

6. In the light of the foregoing, it is recommended that authority be granted to proceed formally with the conclusion of a headquarters agreement, in accordance with the attached draft, establishing the privileges and immunities to be accorded to the International Civil Aviation Organization, to the representatives of its members and to its officials in Canada; and to effect an exchange of notes between the Government of Canada and the International Civil Aviation Organization.

A.D.P. H[EENEY]

698.

DEA/9655-E-2-40

Note au chef, direction du protocole
Memorandum to Head, Protocol Division

[Ottawa], December 7, 1949

IACO'S HEADQUARTERS AGREEMENT

I refer to Mr. Heene's memorandum to the Minister of June 3,† to which was attached for his signature a letter to the President of the Council of the International Civil Aviation Organization, offering to conclude a Headquarters Agreement on the basis of the Fifth Draft, this course of action having been approved by Cabinet decision on June 2.

2. The following is a brief summary of developments since that time.

3. The Secretary General of ICAO acknowledged our letter on August 23 and stated that, owing to pressure of work, the Council had not been in a position to complete a detailed examination of our draft. He mentioned, however, that inasmuch as our draft agreement covered only such matters as are within the jurisdiction of the federal Government, the Council had decided to initiate negotiations with the provincial and municipal authorities on matters coming within their sphere of action. The Secretary General concluded by expressing his satisfaction with our offer of good offices in facilitating the proposed negotiations between the Organi-

³ Approuvé par le Cabinet, le 2 juin 1949.
Approved by Cabinet on June 2, 1949.

zation and the provincial authorities (cf., our letter to the Premier of Quebec, April 28, 1949†).

4. A discussion eventually took place on November 5 between Mr. Duplessis on the one hand and Messrs. Roper and Pepin of the Organization on the other. I was informed by Dr. Pepin that this meeting had been conducted in an atmosphere of cordiality and that the Organization considered it to have been successful. Moreover, Mr. Duplessis had agreed that The Honourable Onesime Gagnon⁴ should meet with representatives of the Organization in order to examine in detail the question of privileges to be extended to the Organization by the Province of Quebec.

5. This development promises to remove one of the most serious remaining difficulties in the way of the establishment of ICAO's status in Canada.

6. On September 15 the Secretary General submitted to us a list of suggested modifications to the Fifth Draft. These were carefully examined with the various interested departments and, on the basis of the conclusions mutually reached, a further draft (the Sixth Draft) has been prepared and transmitted to the Organization together with an explanatory letter. Dr. Pepin has intimated to me to-day that this Sixth Draft will be acceptable to the Organization.

7. As you know, I have been working on this Agreement continuously since last April and as a result have been unable to take any holidays. Provided you have no objection, I propose to take a vacation starting December 12.

8. In anticipation of this, I have prepared a draft memorandum for the Cabinet, together with the draft order-in-council required for the implementation of the Agreement. Both of these documents are being placed in the hands of the Legal Adviser, as it is understood that the matter of the actual signature of the Agreement and the submission of the order-in-council will be undertaken by the Legal Division.

9. As regards the implementation and initial administration of the Agreement, this will of course require close attention, which I shall be able to give upon my return.

10. I might add that in my conversation with Dr. Pepin this morning, he informed me that he was leaving for Europe this week and would not return to Montreal until January 25. This means that the question of the Headquarters Agreement will remain in abeyance until his return.

[J.S.M. LANGLOIS]

⁴ Le trésorier provincial/Provincial Treasurer.

SECTION B

STATIONS MÉTÉOROLOGIQUES DE L'ATLANTIQUE NORD ET DU PACIFIQUE NORD
NORTH ATLANTIC AND NORTH PACIFIC WEATHER STATIONS

PCO

699.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, April 12, 1949

INTERNATIONAL CIVIL AVIATION ORGANIZATION; LONDON CONFERENCE

3. *The Minister of Transport*⁵ reported that the Council of the International Civil Aviation Organization had convened a conference to be held in London beginning April 20th, 1949, in order to revise and extend the international agreement on North Atlantic ocean weather stations. Concurrently, the conference would consider a request from the Danish government that financial aid be extended towards the operation and maintenance of Loran stations in the Faroe Islands and Greenland.

4. *Mr. Chevrier*, referring to the proposed revision and extension of the international agreement on North Atlantic ocean weather stations, suggested that Canada participate in the conference and undertake to continue a contribution towards the aforesaid agreement, such contribution, however, not to exceed provision and operation of one ship in the North Atlantic at an estimated annual cost of \$400,000.

Since November 22nd, 1947, the Royal Canadian Navy had operated one ship (approximately 42% of Station "B") in the North Atlantic at an estimated annual cost of \$400,000.

An explanatory note was circulated.

(Joint memorandum, undated, Minister of Transport, Minister of National Defence and Secretary of State for External Affairs—Cabinet Document 950).†

5. *Mr. Chevrier*, referring to discussion at the meeting of April 6th on the suggested Canadian contribution towards the maintenance of Danish Loran stations, reported that the Canadian government operated three Loran stations. One of these was located in British Columbia and the other two in Nova Scotia. The approximate annual operating and maintenance costs involved in the operation of these stations were as follows:

Spring Island, B.C.	\$65,000
Baccaro, N.S.	\$45,000
Deming, N.S.	\$50,000

The initial cost of establishing a Loran station was approximately \$300,000 depending upon the accessibility of the location.

⁵ Lionel Chevrier.

(Memorandum, Deputy Minister of Transport (Air Services), Apr. 7, 1949).†

Since the Canadian government received no assistance from other countries benefiting from the operation of Canadian Loran stations, it was suggested that the Canadian delegation to the forthcoming ICAO conference be instructed to indicate that the Canadian government would be willing to contribute towards the maintenance of Danish Loran stations in the Faroe Islands and Greenland provided similar assistance were extended to Loran stations operated and maintained by Canada.

6. *The Cabinet*, after discussion, noted the reports by the Minister of Transport and:

(a) approved Canada's participation in the ICAO conference to be held in London beginning April 20th, the Canadian delegation to consist of the following:

C.S. Booth—Canadian Representative to the Council of ICAO—Head of Delegation;

P.D. McTaggart-Cowan—Department of Transport—Delegate;

L.E. Coffey—Department of Transport—Delegate;

O.G. Stoner—Department of External Affairs—Delegate;

(b) agreed that Canada continue a contribution towards the international agreement on North Atlantic ocean weather stations, such contribution, however, not to exceed the provision and operation of one weather ship in the North Atlantic at an estimated annual cost of \$400,000; and

(c) agreed that the Canadian delegation be instructed to indicate to the conference that the Canadian government would be willing to contribute towards the cost of operation of Danish Loran stations in the Faroe Islands and Greenland provided similar financial aid were extended to Loran stations operated and maintained by Canada.

700.

DEA/2403-A-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], October 26, 1949

I refer to Item No. 5 of this week's Cabinet Agenda concerning Pacific Weather Stations.

The United States State Department have been pressing us incessantly over the past few months to approve this network of Pacific Ocean Weather Stations. There is a fairly strong international commitment on Canada's part to supply one complete station in the Pacific in addition to the undertakings which we have made bilaterally with the United States and which are referred to in Cabinet Document No. 1087.† The United States authorities feel there is an additional commitment as a result of the recent revision of the North Atlantic Weather Stations Agreement. When this Agreement was being revised at London last May the Canadian contri-

bution, by the yardstick adopted by the Conference, amounted to about one and a half ships. However, Canada stated she would only supply one ship. The United States accepted this on the understanding that Canada would shortly be relieved of this responsibility in the North Atlantic and assume the operation of a full station in the Pacific. I feel that we should be able to notify the State Department very shortly that we are in a position to undertake these commitments.

A.D.P. H[EENEY]

701.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, October 27, 1949

PACIFIC OCEAN WEATHER STATION; OPERATION BY CANADA

12. *The Minister of Transport*, referring to discussion at the meeting of January 28th, 1947, said Canada had agreed to undertake full operation of a North Pacific ocean weather station, provided the United States would undertake full operation of ocean weather station "B" in the North Atlantic at present partly operated by Canada. U.S. action had been delayed on this proposal pending revisions of the International Agreement on North Atlantic Weather Stations. This revision had been made in May, 1949.

Technical representatives of the U.S. and Canadian governments had recommended, in July, 1949, seven locations for North Pacific ocean weather stations. Of the seven stations, four would be operated by the United States, two by Japan and one by Canada. The location of station "P", to be operated by Canada, would be approximately five hundred miles west of Victoria at 50N 145W. Three vessels would be required to operate the station.

It was proposed to transfer to station "P" the vessel "St. Stephen", now operated by the Royal Canadian Navy at station "B" in the North Atlantic. The R.C.N. would provide this vessel and crew for one year and thereafter would assign the "St. Stephen" to the Department of Transport for operation and staffing. The cost of two additional vessels required would be approximately \$800,000 and annual cost of operation per vessel was estimated at \$350,000, or an estimated total annual cost of operation for the station of \$1,000,000.

An explanatory note had been circulated.

(Joint memorandum, Ministers of National Defence and Transport, Oct. 21, 1949—Cabinet Document 1087).†

13. *The Minister of Trade and Commerce* said that corvettes would probably be suitable for this service and would be less expensive to operate than frigates.

14. *The Cabinet*, after further discussion:

(a) approved the network of seven Pacific Ocean weather stations recommended by technical representatives of the Canadian and U.S. governments;

(b) agreed that Canada undertake full operation of Pacific Ocean weather station "P" at an estimated annual cost of \$1,000,000 provided the United States undertook full operation of North Atlantic Ocean weather station "B";

(c) agreed that the Secretary of State for External Affairs be authorized to conclude an agreement to this effect with the U.S. government;

(d) agreed that the Department of Transport provide and operate the vessels required for the station;

(e) approved transfer of ownership of the "St. Stephen" from the Royal Canadian Navy to the Department of Transport; and

(f) agreed that the Minister of Transport consider and report on the possibility of acquiring two corvettes for use in the operation of the station.

702.

DEA/72-ADU-32-40

*Note du secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet*

*Memorandum from Acting Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], October 28, 1949

CANADIAN CONTRIBUTION TO THE ICAO PROGRAMME FOR JOINT SUPPORT OF AIR
NAVIGATION FACILITIES IN GREENLAND AND THE FAROES

At the ICAO conference held in London, England, in May, 1949, a Final Act was prepared which set out the basis on which the cost of maintaining air navigation facilities in Greenland and the Faroes would be shared by those countries who participated in North Atlantic flying. The Final Act was signed by the Canadian Delegation with the reservation that Canada was not prepared to accept the financial implications. Instructions to sign with this reservation had been sent to the Canadian Delegation since, in the view of the Canadian authorities, Canada was already contributing to the maintenance of North Atlantic air navigation facilities an amount which is in excess of her proportionate share. To this end the Canadian Delegation indicated that Canada wished ICAO to make overall assessment of all facilities in the North Atlantic; all future contributions to ICAO Joint Support schemes in this area would then be based on this survey.

2. Notwithstanding this Canadian reservation a share of the cost of the programme was charged to Canada. ICAO has now sent an official notice of assessment indicating that Canada's first payment is approximately \$230,000.

3. Although Canada did not agree to accept her share at the Conference, it is felt for the following reasons that there is strong cause for the Canadian Government to pay at least the initial contribution to this programme;

(a) There is general agreement that the Danish air navigation facilities in Greenland and the Faroes must continue in operation and that Denmark must have financial help in doing so. On numerous occasions Canada has confirmed her agreement with the principles of Joint Support in ICAO. The action of Canada in taking uni-

lateral decision not to contribute to a project which benefits Canadian aircraft and which Canadian authorities agree is essential might strike a serious blow at the principles of Joint Support within ICAO. This might tend to prejudice the success of future projects and might result in the usefulness of ICAO being substantially curtailed in this important field.

(b) Both the United Kingdom and the United States have indicated that they will not pay any excess share which might arise out of Canada's failure to contribute. This contention has been borne out by the fact that neither of these countries has yet accepted their assessment; it appears that they are waiting to see what Canada does before committing themselves.

(c) Prior to the London Conference, Canada gave no advance notice to ICAO of her desire for an overall assessment of all facilities in the North Atlantic. As a result other states were not in a position to offer figures concerning the total facilities which they were supplying. Had the Conference accepted Canada's premise, it would have been necessary to postpone the Conference until the overall assessment could be completed. Obviously this would have been unacceptable to Denmark who required immediate financial assistance.

(d) If Canada decides not to accept her assessment it will mark the first time that we have failed to pay our share of any programme sponsored by an international organization in which we were full participants. There is no question of our actual participation in this programme from a user point of view since these facilities are essential to Trans-Canada Airlines and Royal Canadian Air Force operations. In these circumstances failure to contribute might lead to criticism by other states and might adversely affect Canada's international reputation.

4. The undersigned, with the concurrence of the Minister of Transport, has the honour to recommend that Canada should notify ICAO that the Canadian Government is prepared to accept the first assessment made in connection with this programme. However, it would be clearly indicated that future contributions would not be forthcoming until an overall assessment of North Atlantic facilities as originally proposed by Canada was undertaken by ICAO.⁶

BROOKE CLAXTON

PCO

703.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

Ottawa, November 3, 1949

TOP SECRET

PACIFIC WEATHER STATION; ACQUISITION OF SHIPS

21. *The Minister of Transport*, referring to discussion at the meeting of October 27th, reported that the possibility of using corvettes as weather ships had been explored.

⁶ Approuvé par le Cabinet, le 3 novembre 1949.
Approved by Cabinet on November 3, 1949.

While Castle class corvettes might meet requirements, they were regarded as less suitable than frigates for this work. Moreover, there were very few corvettes available and the purchase price was likely to be high.

It was accordingly recommended that frigates be used and that steps be taken to acquire the necessary ships and refit them for weather station work. It was estimated that they would cost about \$125,000 each and about \$175,000 to refit.

22. *The Cabinet*, after discussion, authorized the Minister of Transport to take steps for the acquisition and refitting of frigates for operation as weather ships, if, upon further examination and after consultation with the Minister of Trade and Commerce, it was determined that the use of other ships such as minesweepers was not feasible.

2^e PARTIE/PART 2

ACCORDS AÉRIENS
AIR AGREEMENTS

SECTION A

POLITIQUE GÉNÉRALE
GENERAL POLICY

704.

DEA/72-ALD-40

*Note du ministre des Transports
pour le Cabinet*

*Memorandum from Minister of Transport
to Cabinet*

SECRET

[Ottawa], March 26, 1949

CABINET POLICY IN BILATERAL AIR AGREEMENTS; "FIFTH FREEDOM"

It is expected that in bilateral discussions with the United States and with the United Kingdom, "Fifth Freedom" rights may shortly be granted officially for the first time in Canada. This action would undoubtedly lead to requests from a number of other countries for similar rights. The Air Transport Board is of the opinion that its position in dealing with these requests would be strengthened by a general decision on government policy in regard to extension of these rights.

Fifth freedom, so called, is the traffic on an air route moving between points on the route outside the country of origin of the service. Traffic to and from the country of origin is generally known as third and fourth freedom traffic; e.g. on the route between Canada and the United Kingdom, traffic moving between Canada and the United Kingdom is third and fourth freedom traffic for T.C.A. and B.O.A.C. Traffic between Ireland and the United Kingdom is fifth freedom traffic for T.C.A. but is third and fourth freedom traffic for B.O.A.C. since the two countries involved

are outside Canada. Traffic between Ireland and Canada is third and fourth freedom traffic for T.C.A. but fifth freedom traffic for B.O.A.C.

International air services are largely dependent on third and fourth freedom traffic, that is traffic to and from their own country. In international discussions the primary interest in and right of an air line to carry the traffic to and from its own country has always been recognized. When a country grants fifth freedom rights to another country in effect the foreign carrier gets rights which will entitle him to take up some of the traffic to and from the first country; that is, fifth freedom traffic for one carrier is in each case, third and fourth freedom for another country and carriage of fifth freedom traffic results in a diminution of the third and fourth freedom traffic available to some other operator.

The problem has been to maintain a situation which will permit international air lines to have access to the major proportion of their own traffic and yet at the same time, allow a reasonable amount of fifth freedom or pick-up traffic at intermediate points. This latter is important economically to any carrier on a major international route of any distance since the third and fourth freedom traffic diminishes as the carrier moves outward on the route from its homeland. The Canadian government approach to this problem over the last five years has been to seek a multilateral agreement under which all these traffic rights would be freely exchanged between nations in a multilateral document which would include principles and rules that would protect the right of each nation to carry a reasonable proportion of its own traffic and allow, on the other hand, a reasonable scope for exercise of fifth freedom rights. This objective has not been achieved.

In the view of the fact that these matters must now be worked out in bilateral agreements, the Air Transport Board feels that any agreements entered into by Canada, should provide reasonable protection to Canadian air lines operating internationally. This is particularly important in view of the fact that Canada is on the major routes from Europe and Asia to the United States and that the great majority of foreign air lines to and from the United States to Europe and Asia cross Canadian territory; if all exercised unlimited traffic rights in Canada the economic position of Canadian carriers would be seriously prejudiced.

The Board therefore recommends as follows:⁷

- (a) In cases where a scheduled Canadian air line wishes to exercise fifth freedom rights in another country, Canada should be prepared to grant fifth freedom rights in Canada in return, provided a satisfactory exchange could be worked out.
- (b) In cases where the Canadian line wishes to exercise only third and fourth freedom rights in another country, Canada should grant only third and fourth freedom rights to that country with one exception.
- (c) The only exception to (b) should be in cases where fifth freedom rights in Canada requested by the other country were not competing with any present or prospective international or domestic services operated by a Canadian carrier, i.e. to areas outside the United States not served by TCA or CPA; in such cases an

⁷ Approuvé par le Cabinet, le 6 avril 1949.
Approved by Cabinet on April 6, 1949.

exception might be granted by Canada if necessary in order to obtain third and fourth freedom rights required by the Canadian carrier.

(d) In cases where a country wishes traffic rights in Canada but no Canadian airline wishes traffic rights in that country in return, no agreement should be made unless the service to be provided by the foreign carrier is required by the public in addition to existing services; no agreement should be made where an additional foreign service would add excessive capacity to existing services and be injurious to a Canadian carrier operating in the region; any such agreement should in any event be limited to third and fourth freedom rights.

(e) In any case where fifth freedom rights in Canada are given, the number of carriers allowed in at any given point with fifth freedom rights should be limited as a measure of protection for third and fourth freedom rights of the domestic carrier; the exact number can only be decided on an ad hoc basis in each case.

(f) The Board would keep under constant review, the effect of any granting of fifth freedom rights; i.e. the amount of traffic carried on this basis. If it appeared that the amount of fifth freedom traffic being carried out of any given point in Canada by either the foreign carrier or carriers with rights at that point, was excessive in relation to the total amount of traffic out of that point or in relation to the total amount of capacity being provided by the foreign air line or air lines, the Board should intervene under authority of the appropriate bilateral agreements to correct the situation.

LIONEL CHEVRIER

705.

DEA/72-ADU-21-40

Note du président, Conseil du transport aérien
Memorandum by Chairman, Air Transport Board

[Ottawa], August 10, 1949

MULTILATERAL AGREEMENT; CANADIAN POLICY

Recent discussions with U.S.-U.K. and French aviation officials have indicated a substantial interest on the part of all of them in the future of a multilateral air agreement. All are considering the attitude which they should adopt when the matter comes up in the Council of ICAO during the coming winter and at the Assembly next spring. I have been considering the Canadian policy as well with the following general result.

At the Geneva conference in 1947 we came close to reaching a final agreement. For the first time articles on rates, capacity and arbitration were generally accepted. Moreover the general framework of a multilateral agreement was worked out. The conference broke down on the right of a country to limit its grant of fifth freedom rights within the framework of a multilateral agreement.

The Geneva type of multilateral would have provided a broad framework of principles which would apply to the operation of any international services of a signatory state. The actual routes to be operated and the traffic stops to be made

would, however, be the subject of bilateral negotiation between the parties concerned and once negotiated the services on the route would have to be operated in accordance with the framework of the multilateral.

I am inclined to think that an attempt might be made to proceed from where we left off in Geneva; that is, we should assume that we have worked out satisfactory articles on capacity, rates and arbitration which hitherto have been among the most controversial topics and should attempt to solve the outstanding problems of the manner in which routes and points of call would be negotiated within the framework of such a multilateral.

The difficulty that arose at Geneva was over U.S. insistence that once a member state had accepted a multilateral it must grant full traffic rights including fifth freedom in all circumstances and over the opposition of other countries to this attitude based upon their belief that they should be in a position to exercise some degree of control over the extent to which they would grant such traffic rights.

I believe a compromise between the two positions is possible. The failure that took place at Geneva really resulted from inability on the part of the United States to define its own position clearly and loss of the initiative in the meeting to certain smaller countries who threw the situation into reverse by insisting on a positive statement that they should be entitled to grant fifth freedom or only third and fourth freedom rights as they wished under the multilateral, an attitude which the United States would not accept as written into the multilateral.

My view is that the Canadians might attempt to bridge the gap by putting up a formula based upon the idea that once a party has accepted the multilateral it may then enter into a route exchange with any other party; that it retains discretion as to whether or not it will make such a route exchange (I don't like this but it would probably be necessary because nations could not accept a commitment to grant rights to a satellite country); that in any case where a route exchange is made, a member state would be committed to granting full traffic rights including fifth freedom at a reasonable point of call in its own territory but that the points of call on the route granted to the other party in third countries would be a subject for negotiation and that the granting country would not be automatically committed to include any point of call which the requesting country wanted.

Put into words the article of the multilateral dealing with this subject might read somewhat as follows:

"Each contracting party agrees to name for any other contracting party with which it is making a route agreement, an airport or airports reasonably situated in its territory at which the airline or airlines of the other party as indicated in the route agreement may pick up and set down traffic. The airport or airports so named and the points in the territories of third countries which may be served from the named airport or airports shall be the subject of bilateral negotiations between the two countries as part of the route agreement."

I would welcome your comments.

J.R. B[ALDWIN]

706.

DEA/72-ADU-21-40

*Sous-secrétaire d'État adjoint aux Affaires étrangères
pour le président, Conseil du transport aérien*

*Assistant Under-Secretary of State for External Affairs
to Chairman, Air Transport Board*

Ottawa, September 9, 1949

Dear Mr. Baldwin:

Thank you for sending me a copy of your memorandum of August 10 concerning Canadian policy towards a multilateral air agreement.

In your memorandum you suggested that we should follow the course we adopted at the Geneva multilateral conference in 1947. However I am wondering if the situation for Canada has not altered since then. At the present time we have succeeded in obtaining from the United Kingdom and the United States the majority of rights which our airlines are in a position to use. From an operational point of view I understand that these two countries are the only ones in which Trans-Canada Air Lines would have an interest in Fifth Freedom for some little time. In the case of Canadian Pacific Air Lines we already have negotiations under way which will amend the Australian and New Zealand agreement to include Fifth Freedom. This, together with the recent concessions we have obtained from the United Kingdom and the United States generally satisfies Canadian Pacific Air Lines' present operational demands.

On the other hand there might be some disadvantages for Canada in a multilateral at the present time. If we were party to a multilateral agreement I think we would be obligated to grant, almost without exception, full traffic rights in Canada to all European countries. Under our present policy of bilateralism we have been reasonably successful in granting certain rights to some countries while refusing them to others on a more or less "quid pro quo" basis. However under a multilateral agreement such discriminatory practice would be forbidden. This would mean that half a dozen or more European airlines presently flying to the United States would all seek Fifth Freedom stops in Canada. This would not only adversely affect our trans-Atlantic business but trans-border traffic being carried at the present time by Canadian airlines would also be reduced. At the same time Canadian airlines would not be in a position to operate to Europe and make any use of their reciprocal rights.

There is another difficulty which might arise if we were party to a multilateral agreement. At the present time we are being exposed to the plethora of procedural difficulties and delays which Canadian airlines can experience when they request a license from the United States Civil Aeronautics Board. Other countries may have equally difficult licensing procedures. On the other hand the Canadian procedure is relatively fast and simple. We might at a future date however conceivably be in a position where the applications of Canadian airlines for licenses were being held up in several countries. Under a multilateral agreement where so many nations are involved it would be most difficult to adjust such a situation.

I have only one comment to offer on the proposed article which you suggested might cover route exchanges in a multilateral. I am not sure that the article as worded in your memorandum would ensure that the Canadian government has the right to freely designate the Canadian airport which would be used by foreign airlines. The clause in your memorandum referred to "an airport or airports reasonably situated in its territory". On this basis it might be difficult to justify the designation of Gander as a major international terminal.

From the point of external relations there would be great merit in Canada proposing a formula for a multilateral agreement which could draw together within ICAO those nations who are presently at variance with each other in their views on this subject. I do not wish to take a pessimistic approach to such a possibility, but in this letter I have undertaken to mention some of the difficulties that might arise from a multilateral. However in the last analysis these considerations can no doubt best be determined by the Air Transport Board in consultation with the Canadian carriers.

Yours sincerely,
H.O. MORAN

DEA/72-ADU-21-40

707.

*Président, Conseil du transport aérien
au sous-secrétaire d'État adjoint aux Affaires extérieures
Chairman, Air Transport Board
to Assistant Under-Secretary of State for External Affairs*

Ottawa, September 16, 1949

Dear Mr. Moran:

I have your letter of September 9th regarding Canadian policy toward the multilateral air agreement.

I am in full agreement with your observations regarding the new factors in the situation which for the present, make less desirable to us such a multilateral air agreement. It is for this reason that the general line we are taking is not to take any initiative or press for further discussion on the multilateral but should have a line of approach prepared which we can follow should the need arise.⁸

While a multilateral air agreement does not offer the same attraction to us that it did a few years ago and while the type of multilateral that is likely to materialize is far from satisfactory, I am of the opinion that in the long run such an agreement would be in our interests.

Sincerely yours,
J.R. BALDWIN

⁸ Note marginale:/Marginal note:

We may have averted another crisis for J.R.B. with our words of warning. [H.O. Moran]

SECTION B
 AUSTRALIE
 AUSTRALIA

708.

DEA/72-AHC-40

*Le haut-commissaire par intérim en Australie
 au chef, direction de l'économie*

*Acting High Commissioner in Australia
 to Head, Economic Division*

SECRET

Canberra, August 30, 1949

Dear Mr. Plumptre:

I am sending by concurrent air mail despatch No. 522,† dated today, concerning a proposed amendment to the Australia-Canada Air Agreement of June, 1946, and I would like to offer a few comments which I did not want to include in the despatch and which you may take for what you think they are worth.

You will recall that the Minister for Transport on 2nd July, 1948, announced the Canadian Government's decision to designate Canadian Pacific Air Lines to operate the Vancouver-Sydney air route. This announcement was a cruel blow to the Australian Government who would have preferred and actually expected that Canada would designate T.C.A. to the route. The Minister for Civil Aviation repeatedly expressed disappointment at the decision and an exchange of telegrams between the Prime Ministers of Australia and Canada took place. At the third meeting of S.P.A.T.C. held in Wellington, New Zealand, last November-December, the Australian delegation, led by Mr. Drakeford, openly criticized Canada's action in designating a privately-owned company to operate to Australia and the situation, as Mr. Rive and Air Vice Marshall [A.] Ferrier can tell you, was, to say the least, at times quite tense.

Although the Australian Government had no option but to accept our Government's decision, from all our dealings with them since I cannot but feel that they still have not resigned themselves completely to it. They appear to put out special efforts to make things as difficult as possible by employing delaying tactics whenever we have occasion to approach them on matters dealing with the operation of the Vancouver-Sydney route. For instances of this I should like to refer to your telegram No. 61 of 3rd May† in which you instructed us to seek the Australian Government's concurrence of C.P.A.'s designation. Although we acted immediately here a period of almost two months elapsed before this concurrence was granted. Again, on 24th June we approached the Australian Government along the lines directed in your despatch No. 314 of 15th June† seeking fifth freedom rights on a similar basis to those which had been enjoyed by the Australian air line operating to Canada for the past three years. Although there would appear to be no justifiable reason for it the Australian authorities again delayed for over two months in providing a reply in spite of the fact that, as directed in your despatch No. 378 of

10th August,† we persisted in pressing them for it. In both cases, of course, the replies were favourable.

I should not want you to think that the above remarks are the product of a defeatist mind on my part. I am sure our former High Commissioner, Mr. K.A. Greene, would support all I have said. I know for a fact, as I have been told by two different officers of the Australian Department of External Affairs, that the trouble does not spring from that Department but rather from the Department of Civil Aviation which appears to revel in attempting to frustrate us every time we approach the Australian Government on such matters.

Yours very truly,
G.A. RAU

709.

DEA/72-AHC-40

*Chef, direction de l'économie
au haut-commissaire par intérim en Australie*

*Head, Economic Division
to Acting High Commissioner in Australia*

Ottawa, September 15, 1949

Dear Mr. Rau:

Thank you for your letter of August 30 in which you commented on the uncooperative attitude which Australian aviation officials are assuming vis a vis Canadian Pacific Air Lines operations between Vancouver and Sydney.

We have been generally aware of this situation since the return of our delegation from the meeting of the South Pacific Air Transport Council in Wellington last year. Moreover we have also felt that this Australian attitude had some bearing on the slowness which has been evidenced by the New Zealand Government in their negotiations with us on a bilateral air agreement.⁹ As you know, the latter agreement has not yet been finalized, although the New Zealand authorities initialled the draft in Wellington with Air Vice Marshall Ferrier last November.

Because of this situation we have impressed on the officials of Canadian Pacific Air Lines the need for the fullest cooperation with the Australian authorities. By virtue of this and our own display of good will within the South Pacific Air Transport Council I trust in time we will be able to break down the intransigence of Mr. Drakeford and the members of his Department.

In despatch No. 413 of September 10† we forwarded to you the specific wording for the amendment of the Canadian-Australian air agreement which would enable both countries to exercise Fifth Freedom. Since the Australian authorities

⁹ L'accord aérien bilatéral fut signé le 16 août 1950 (voir: Canada, *Série sur les traités, 1950*, no. 14).
The bilateral air agreement was signed on August 16, 1950 (see Canada, *Treaty Series, 1950*, No. 14).

have already indicated their willingness to carry out such an amendment I hope they will let us know as soon as possible if they concur in our proposal.

Yours sincerely,

A.F.W. PLUMPTRE

SECTION C

CHINE

CHINA

710.

DEA/72-BP-2-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], April 8, 1949

PROPOSED AIR AGREEMENT WITH CHINA

When the Canadian Government designated Canadian Pacific Air Lines to operate air services to the Pacific region it was anticipated that one route would be to the north via Alaska, Tokyo, Shanghai and Hong Kong. Canadian Pacific Air Lines have indicated that in addition to the value, on a long-term basis, of stops in China on this route, there is at present a great amount of traffic being generated on the Shanghai-Hong Kong portion of the route. Since they anticipate being able to begin operations towards the end of this summer, C.P.A. have requested us to secure the necessary traffic rights for them in China. This would require the negotiation of a bilateral air agreement with China.

2. Beyond these economic arguments advanced by C.P.A. and which are supported by the Minister of Transport, I believe there are certain political advantages in concluding an air agreement with the present Government of China even though its future is uncertain. In the event of a change of government, it would be preferable to take the risk that a Communist-controlled government would honour the existing obligations of the former government rather than be forced to prematurely raise the question of directly recognizing a new government by approaching them to negotiate an air agreement.

3. On the other hand, it was thought that consideration should be given as to whether, should the present Government of China fall, there would be a certain disadvantage from the security point of view, in having an agreement with a Communist-controlled government which would give them the right to fly their civil aircraft over Canadian territory or land at specified Canadian airports.

4. The Chiefs of Staff Committee meeting on April 5, however, cleared the proposal for an air agreement with China from the security point of view. In addition, Article X of the proposed agreement permits its termination three months after the date of receipt of the notice of termination by either contracting party.

5. Informal explorations have already been made by our Ambassador in China who has reported that the present Chinese administration is prepared to negotiate a bilateral air agreement.¹⁰

6. It has been the practice for bilateral air agreements to be negotiated on the authority of the Secretary of State for External Affairs, and the Minister of Transport, without seeking special authority from Cabinet. The Minister of Transport has already informed the chairman of the Air Transport Board that he agrees to the opening of negotiations with the Chinese Government. If you agree, therefore, I will instruct our Ambassador in China to formally approach the Chinese Government and propose the negotiation of a bilateral air agreement.

H.O. M[ORAN]

711.

DEA/72-BP-2-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], June 3, 1949

BILATERAL AIR TRANSPORT AGREEMENT BETWEEN CANADA AND CHINA

In April of this year we opened negotiations with the Chinese Nationalist Government for the purpose of concluding a bilateral air agreement which would enable Canadian Pacific Air Lines to exercise traffic rights in Shanghai. These negotiations broke down in the face of subsequent political developments in China. However Canadian Pacific Air Lines are still most anxious to secure landing rights in Shanghai since there is a great volume of traffic originating from that city.

Mr. Davis, the Canadian Ambassador to China, has suggested that it might be possible for Canadian Pacific Air Lines to negotiate a purely commercial ad hoc arrangement with the new Chinese Government for a service to Shanghai. This agreement would be a non-governmental level, and would not prejudice any future bilateral negotiations or raise the question of recognition of the new government.

It is my feeling that Mr. Davis's suggestion is a good one, but a little premature. The Communists are now engaged in the intricate task of organizing the adminis-

¹⁰ Le président du Conseil du transport aérien, J.R. Baldwin, informa le ministère des Affaires extérieures, le 1er avril 1949, que le président du Canadian Pacific Air Lines serait en Chine dans moins d'une semaine et qu'il pourrait aider à la marche des négociations. Plumptre «did not feel that the Air Transport Board consulted fully with this Department» avant de suggérer que le président du C.P.A. parte pour la Chine (Note du chef, direction de l'économie, pour le sous-secrétaire d'État adjoint aux Affaires extérieures, le 2 avril 1949, DEA/72-BP-2-40).

The Chairman of the Air Transport Board, J.R. Baldwin, informed the Department of External Affairs on April 1, 1949 that the President of Canadian Pacific Air Lines would be in China within the week and that he would be able to assist with negotiations. Plumptre "did not feel that the Air Transport Board consulted fully with this Department" before suggesting that the President of C.P.A. depart for China (Memorandum from Head, Economic Division to Deputy Under-Secretary of State for External Affairs, April 2, 1949, DEA/72-BP-2-40).

tration of Shanghai and would probably be unwilling at this time to give any attention to representations from Canadian Pacific Air Lines. It would be preferable to wait for the authorities in Shanghai to become established and see what the general attitude towards foreign transport is to be.¹¹

If the situation is favourable by that time I suggest for your consideration that we might advise Canadian Pacific Air Lines to endeavour to make some sort of purely company arrangement with the Shanghai authorities.

A.D.P. H[EENEY]

712.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, August 31, 1949

...

TRANSPORT; AIR TRAFFIC RIGHTS IN CHINA

42. *The Minister of Transport* said that, in order to operate its air route to the Orient, Canadian Pacific Air Lines would require certain traffic rights in Communist-held China. C.P.A. felt that they might be successful in negotiating for such rights direct with the Communist government and had requested authority to enter into negotiations immediately.¹²

43. *The Secretary of State for External Affairs* suggested that such direct negotiation might possibly cause some future embarrassment to the Canadian government. The implications should be carefully considered before the company was authorized to negotiate.

44. *The Cabinet*, after discussion, noted the suggestion of the Minister of Transport that Canadian Pacific Air Lines be authorized to open negotiations for traffic rights in Communist-held China and deferred decision pending further consideration.

¹¹ Note marginale:/Marginal note:

Agree [L.B. Pearson]

¹² La suggestion fut transmise à Chevrier par Baldwin.

The suggestion was conveyed to Chevrier by Baldwin.

SECTION D

ROYAUME-UNI
UNITED KINGDOM

713.

DEA/72-AMB-40

*Note du chef, direction de l'économie
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic Division
to Under-Secretary of State for External Affairs*

[Ottawa], June 20, 1949

REVISION OF THE BILATERAL AIR AGREEMENT BETWEEN UNITED KINGDOM AND
CANADA

The United Kingdom have now made the formal proposal that ministerial discussions to revise the bilateral air agreement between Canada and the United Kingdom should take place in London, England, from the 21st to the 23rd of July. There will also be presumably an exchange of draft agreements prior to this date together with some preliminary discussions at the official level.

The Chairman of the Air Transport Board has advised me that this arrangement is satisfactory to Mr. Chevrier who, barring any unforeseen difficulties, has planned to attend himself.

At the present time a draft is being prepared by the Canadian authorities which can be forwarded for the consideration of the United Kingdom authorities. The format of this draft will be generally in keeping with the standard type of the bilateral air agreement normally concluded by Canada. The draft will consolidate all existing agreements or arrangements with the United Kingdom and in addition, will propose certain new traffic rights exchanges for both countries.

One of these will be the grant to the United Kingdom of full traffic rights at Gander. As you know, the United Kingdom presently exercise traffic rights to Gander by virtue of an exchange of notes which extend these rights of the United Kingdom only until June 30, 1949. The Interdepartmental Committee on Civil Aviation at its last meeting recommended that there should be a further extension until the 31st of August, 1949, pending the completion of the new agreement.

If you agree with this procedure, I have prepared for your signature a note to the Acting High Commissioner for the United Kingdom, suggesting that this extension be formalized by an exchange of notes.¹³

A.F.W. P[LUMPTRE]

¹³ Note marginale:/Marginal note:
Sent 21/6/49

714.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, July 20, 1949

...

CANADA-U.K. AIR AGREEMENTS; PROGRESS OF NEGOTIATIONS

24. *The Minister of Trade and Commerce and Acting Prime Minister* reported upon the progress being made in current discussions with the United Kingdom leading to a revision of the Canada-U.K. air agreement.

The Canadian delegation were seeking landing rights at Hong Kong, traffic rights at Barbados and other revisions of the present West Indies agreement.

The U.K. delegation were seeking traffic rights at Montreal on their London-Chicago route, traffic rights at Montreal and Toronto on their London-New York route, and rights to fly across Canadian territory with landing rights at either Churchill or The Pas, Manitoba.

In view of the questions that these proposals would raise, it was anticipated that the draft agreement emerging from the discussions would be referred to the respective governments for their consideration prior to signature.

25. *The Cabinet*, after discussion, noted the report of the Minister of Trade and Commerce and Acting Prime Minister on the progress of Canada-U.K. discussions in connection with a new air agreement.

715.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, August 17, 1949

...

CANADA-U.K. AIR AGREEMENT; SIGNING POWERS

6. *The Minister of Transport*, referring to discussion at the meeting of July 5th, stated that negotiations for a new air agreement between Canada and the United Kingdom had been concluded on August 2nd.

The air agreement represented a step forward in that it adopted a much simplified and more logical structure than that generally employed in bilateral air agreements in the past. It also granted fifth freedom rights for the first time in agreements of this nature between Canada and the United Kingdom.

It was recommended that the Minister of Transport be authorized to conclude and sign, on behalf of the government of Canada, the new Canada-U.K. air agreement.

7. *The Cabinet*, after discussion, agreed that the Minister of Transport be authorized to conclude and sign, on behalf of the government of Canada, the air agreement recently negotiated by Canada and the United Kingdom; an Order in Council to be passed accordingly.

(Order in Council P.C. 3711, Aug. 17, 1949).†

SECTION E
ÉTATS-UNIS
UNITED STATES

716.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, April 27, 1949

...

BILATERAL AIR AGREEMENTS WITH THE UNITED STATES; DISCUSSION; CANADIAN
DELEGATION

7. *The Minister of Transport*, referring to discussion at the meeting of April 6th, reported that May 23rd had been tentatively set as a date for discussions with the United States at Sulphur Springs, North Carolina.

The primary purpose of these discussions would be revision of the existing Canada-United States Bilateral Air Agreement and arrangements regarding the reciprocal granting of traffic rights, including an exchange of "fifth freedom" rights.

8. *Mr. Chevrier* recommended that Canada participate in these discussions and that the Canadian delegation consist of representatives of the Air Transport Board, the Department of Transport (Air), and the Department of External Affairs; the delegation to be under the chairmanship of a Minister.

9. *The Prime Minister* observed that it would be difficult for a member of the government to participate in any lengthy discussions at that time; it might be ascertained whether any member or members of the United States Cabinet would participate in the proposed negotiations.

In the meantime, approval in principle could be given to Canada's participation in the forthcoming discussions, decision on the Canadian delegation's composition to be deferred pending return to Ottawa of the Secretary of State for External Affairs.

10. *The Cabinet*, after discussion, approved in principle Canada's participation in the forthcoming bilateral air negotiations with the United States, to be held at Sulphur Springs, North Carolina, beginning May 23rd, and deferred decision on the delegation's composition pending return to Ottawa of the Secretary of State for External Affairs; the Secretary to the Cabinet to ascertain whether any member or members of the United States Cabinet would participate in these discussions.

717.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, May 3, 1949

...

BILATERAL AIR AGREEMENTS WITH THE UNITED STATES; CANADIAN DELEGATION

43. *The Minister of Transport*, referring to the discussion at the meeting of April 27th, reported that information had been received from the U.S. State department on the composition of the American delegation to bilateral air negotiations to be held at Sulphur Springs, North Carolina, beginning May 23rd. Final decision respecting the U.S. delegation would be made the following week, but it was not expected that the head of the delegation would be above sub-Cabinet level. He might possibly be a member of the Civil Aviation Board.

44. *Mr. Chevrier* suggested that Mr. Symington of Trans-Canada Air Lines might be appointed head of the Canadian delegation in the event that it would be impossible for a member of the government to attend the discussions. In addition to representatives from the Air Transport Board, the Department of Transport and the Department of External Affairs, the Canadian delegation might also include a representative of Canadian Pacific Air Lines.

45. *The Prime Minister* suggested that if representatives of T.C.A. and C.P.A. were included in the Canadian delegation, there was a possibility that the American delegation would have to include a large number of representatives of American commercial air lines. In the circumstances, it might be preferable to appoint representatives of T.C.A. and C.P.A. merely as advisers to the Canadian delegation.

46. *Mr. St. Laurent* suggested further that choice of the head of the Canadian delegation be deferred pending final decision on the composition of the American delegation.

47. *The Cabinet*, after discussion, agreed:

(a) that the Canadian delegation to the forthcoming bilateral air negotiations with the United States consist of representatives of the Air Transport Board (including the Chairman), the Department of Transport (Air) and the Department of External Affairs; representatives of T.C.A. and C.P.A. to be appointed as advisers if required; and,

(b) that decision as to the head of the Canadian delegation be deferred pending information on the composition of the U.S. delegation.¹⁴

¹⁴ Le 9 mai 1949 le Cabinet approuva la nomination de Howe à titre de chef de la délégation, et celle de Symington comme sous-chef.

On May 9, 1949 the Cabinet approved Howe as head of the delegation, with Symington as deputy head.

718.

PCO/Vol. 124

*Note du président, Conseil du transport aérien
pour le ministre des Transports et le secrétaire d'État aux Affaires extérieures*

*Memorandum from Chairman, Air Transport Board
to Minister of Transport and Secretary of State for External Affairs*

SECRET

[Ottawa], June 1, 1949

The following document contains a report on the Canada-United States civil aviation discussions and the comments of the Inter-Departmental Committee on Civil Aviation on certain problems related thereto.

Report

During the civil aviation discussions between Canada and the United States in New York last week, a new draft bilateral agreement was prepared and accepted in principle by both parties but was not signed. This agreement would provide that Canada be granted rights for a direct trans-border service between Montreal and New York while the United States would be permitted to extend its present trans-border service between Great Falls and Lethbridge on to Edmonton and would be authorized to operate a direct service from New York to Toronto in place of its present Buffalo-Toronto service. On the through routes the United States would be granted a through route (presently operated by three U.S. carriers) from the United States to Europe with traffic rights at Gander and a through route from the United States to the Orient (presently operated by one U.S. carrier) with traffic rights at Edmonton. Canada would receive traffic rights at Tampa, St. Petersburg Florida on its through route to the Caribbean and traffic rights at Honolulu on the C.P.A. service to Australasia.

Both delegations are of the opinion that this is a fair and reasonable agreement. The document was not signed because of the U.S. desire that either a separate agreement be signed giving the U.S. military base at Stephenville in Newfoundland the status of an alternate airport for Atlantic services (to be used when Gander is closed) or alternatively that the bilateral contain a stipulation that it would not be effective until an agreement as to Stephenville was made.

The importance placed upon Stephenville for civil aviation lies in the fact that it was prior to April 1st used as an alternate to Gander; after Confederation, while a temporary three months extension of traffic rights at Gander was granted by the Canadian government, Stephenville was not retained as an alternate and may now be used only in emergency in which event the aircraft must go onward to Moncton or Sydney or Gander for clearance.

The U.S. delegation was anxious to sign the bilateral agreement and might perhaps have dropped the contingency clause if they could have been certain of support by their own airline operators. Six U.S. operators would be affected by the new bilateral. One, Colonial Airlines, will oppose the bilateral in any case, but the U.S. delegation felt it could justify the bilateral so long as the other five carriers would support it. Of these five, the three operating through Gander, when consulted

towards the close of the discussions, took the line that in the absence of some assurance regarding Stephenville they could not support the bilateral agreement.

Use of Stephenville as an alternate for civil aviation purposes is a reasonable proposition from the point of view of Atlantic operations, provided practical details can be worked out, and would be of considerable benefit to all Atlantic operators. Trans-Canada Air Lines supports this view and in fact prior to Confederation, at T.C.A. request, the Canadian government had urged that Stephenville be opened up on an even broader basis. The Canadian delegation realized that the question of civil use of Stephenville was however, related to other broad questions of importance to the government regarding the position of the U.S. bases in Newfoundland and that the government would wish to consider it in this context.

Subsequently as a result of consultation between the Ministers of Transport, Trade and Commerce and National Defence and the Secretary of State for External Affairs, in view of the importance of early signature of the new bilateral agreement, the United States has been informed that the Canadian government would agree to the designation of Stephenville as an alternate airport to Gander on the understanding that this action on the part of Canada would be taken into consideration in the further discussions of the matters connected with the U.S. military bases in Newfoundland which Canada wishes to take up with the United States.

As a result of discussion of this problem by the Inter-departmental Committee on Civil Aviation the following relevant factors have been brought out:

(1) The designation of Stephenville as an alternate airport raises a number of physical and economic problems which will have to be worked out both in Ottawa and in consultation with the U.S. authorities. It is therefore proposed that if acceptable to the United States rather than attempting to work out the detailed agreement necessary at this stage before signature of the bilateral, an exchange of notes between the Canadian and U.S. governments take place, stating that both governments agree to the designation of Stephenville as an alternate and that discussions will be initiated at once with a view to conclusion of a detailed agreement for this purpose prior to opening Stephenville as an alternate.

(2) The designation of Stephenville as an alternate should be on a non-discriminatory basis, i.e. should make Stephenville available directly to all aircraft entitled to use Gander rather than limiting it to the aircraft of the United States and Canada.

(3) Customs, Immigration and Health in consequence of the designation of Stephenville as an alternate will be faced with the problem of providing a staff at Stephenville for clearance of aircraft. Any agreement should be on the basis that U.S. authorities at Stephenville will provide the necessary facilities for the Canadian governmental staff required there.

(4) The matter of use of customs free gasoline at Stephenville also raises a problem on the part of the Department of National Revenue which will have to be determined in the detailed discussions.

(5) Aircraft presently landing at Stephenville do not pay any regular landing fee and the danger exists that heavy use of Stephenville would reduce the revenues received by the government from landing fees at Gander or alternate airports under Canadian control. While it is true that U.S. military authorities are not likely to

encourage the use of a military base by civil aircraft, nevertheless the Canadian authorities should do what they can to protect themselves from this particular danger. For one thing they can rely upon the statement which the U.S. government is prepared to write into the agreement on Stephenville to the effect that it may be used only when the responsible Canadian authorities at Gander determine that weather conditions or other reasons do not permit use of Gander. It may also be desirable to extend the review of trans-Atlantic landing fees which is presently taking place, and change the basis of approach to this subject so that instead of providing a landing fee for the use of a specific airport on Atlantic operations, all facilities provided by the Canadian government, no matter where, should be considered as a single packet for which a fee is charged. Under this approach a system of payment to the Canadian government on the basis of any landing on trans-Atlantic operations within the boundaries of Canada related to this packet might be introduced in a fashion which would include Stephenville rather than maintaining the present system of relating the fee to the use of any single airport. This would provide an economic deterrent to excessive use of Stephenville.

(6) It is also proposed that the U.S. government be requested to agree with Canada that Argentia, the other U.S. military base in Newfoundland which is near St. John's be designated as an alternate to Torbay, the domestic terminal of T.C.A. operations. This would be of considerable benefit to T.C.A.

(7) It is further proposed that in opening up Stephenville the U.S. be requested to permit T.C.A. to use the airport to pick up and set down traffic as a flag stop on its domestic service in order to take care of the west coast of Newfoundland which otherwise has no direct access to commercial services.¹⁵

J.R. BALDWIN

719.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, November 18, 1949

...

CANADA-U.S. AIR AGREEMENT

13. *The Secretary of State for External Affairs*, referring to discussion at the meeting of October 26th, reported that Colonial Air Lines' application for an injunction against Trans-Canada Air Lines operating on the Montreal-New York route had been disallowed in the lower court, and that it was the company's intention to appeal.

There was a possibility that the U.S. government would grant permission to T.C.A. to fly the route pending a settlement but, if not, there would likely be a long delay before the T.C.A. service could be instituted.

¹⁵ Le Cabinet approuva le rapport le 2 juin 1949.
Cabinet approved the report on June 2, 1949.

There had been some interdepartmental consultation as to the course that the Canadian government should follow. One alternative was to withdraw from U.S. commercial companies landing rights at Gander, but it seemed unfair to penalize these operators. Another alternative was to cancel Colonial Air Lines' licence to operate on the New York-Montreal route. This was, however, a fairly drastic step and it would mean that, for some time at least, there would be no air service on that route.

The matter was under consideration in his department and a recommendation would be submitted in due course.

14. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs on the developments in connection with the implementation of the Canada-U.S. Air Agreement.

720.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, November 23, 1943

CANADA-UNITED STATES AIR AGREEMENT; IMPLEMENTATION

9. *The Minister of Trade and Commerce and Acting Minister of Transport*, referring to discussion at the meeting of November 18, reported that the Air Transport Board had enquired as to the desirability of issuing an order requiring Colonial Airlines to show cause why its present rights should not be suspended in view of the action taken by the airline to block the implementation of the Canada-United States Air Agreement.

The matter had been discussed with the Canadian Ambassador in Washington who felt that there would be no harm in the initiation of such action. It would be desirable, however, for External Affairs to be able to inform the U.S. State Department in advance as a matter of courtesy. It was recommended that no instruction be given to the Air Transport Board in the matter but that they would be informed that, if they felt it desirable in the execution of their functions, the government would have no objection to the issuance of a show-cause order.

(Memorandum, Chairman, Air Transport Board to Secretary to the Cabinet, Nov. 23, 1949† and External Affairs memorandum, Nov. 22, 1949).†

10. *The Cabinet*, after discussion, approved the recommendation of the Minister of Trade and Commerce and agreed that there would be no objection to the issuance of a show-cause order by the Air Transport Board against Colonial Airlines should the Board feel that this would be desirable.

721.

DEA/9330-40

*Note de la direction de l'économie
au sous-secrétaire d'État adjoint aux Affaires extérieures*
*Memorandum from Economic Division
to Assistant Under-Secretary of State for External Affairs*

[Ottawa], December 14, 1949

IMPLEMENTATION OF CANADA-UNITED STATES BILATERAL AIR AGREEMENT

I—General Background

The Canada-United States Bilateral Air Agreement signed on June 4th, 1949, confirmed all previous existing services between the two countries. In addition, Canada was granted the right to fly a route between Montreal and New York (a route which had previously been a United States monopoly); a route through Tampa, Florida, between Montreal and the Caribbean, and a route through Honolulu between Vancouver and Australasia. In return for these rights, Canada granted the United States new trans-border routes from Toronto to New York and from Edmonton to Great Falls. The United States were also granted traffic rights at Gander, Newfoundland, on a route to Europe, and at Edmonton, Alberta, on a route to the Orient.

2. This Agreement marked the first time that Canada had exchanged Fifth Freedom rights with any country. The major compensation for this concession from Canada's point of view lay in the new route between Montreal and New York which was in fact the pivotal point for the whole negotiation. United States negotiators agreed that it was only equitable that the traffic flowing between the two major air terminals of this continent should be divided between airlines of both countries.

3. Following the signature of this Agreement, the United States negotiators were called before a hearing of the Senate Committee on Foreign Commerce to justify the Agreement. During this hearing the legality of the Agreement and its actual value to the United States were questioned. The legality of the Agreement was challenged on the grounds that it had been made by Executive authority and that it had not been ratified by the Senate. This use of Executive authority was a procedure that the United States had followed in the case of thirty-six previous air agreements negotiated since the end of the war. The conclusions of the Senate hearing were that the Agreement should stand as written although admittedly drafted in secret and contrary to the feelings of the Senate Committee that presumably writes legislation on this subject.

4. In the meantime Colonial Airlines began to wage an active campaign against the Agreement and its negotiators. They found strong support amongst those Congressmen who are inclined to view the whole procedure of Executive agreements as dangerous if not illegal. Press comment on the whole throughout the United States did not favour the Agreement. This was probably due to the fact that newsmen were piqued by the fact that no information was given out during the negotiations until the Agreement was finally concluded. Colonial Airlines made an abortive

appeal to the United States Government for a monetary subsidy and for new routes to compensate for the losses they would incur when Trans-Canada Air Lines began to operate between Montreal and New York. Colonial were particularly interested in securing the New York-Toronto route, one of the new routes granted under the bilateral; they were also interested in securing an additional domestic route between Washington and New York.

II—Chronology of Events concerning the Montreal-New York route

5. Shortly after the signature of the Bilateral Air Agreement, Trans-Canada Air Lines filed application to the Civil Aeronautics Board for the license to operate between Montreal and New York. A pre-hearing conference was opened by the CAB on July 7th and completed on July 18th. The date for the final hearing was set for August 29th. On August 17th Colonial requested a postponement of the hearing on the grounds that the Board had no power to issue a license. When it was refused Colonial then took action in the courts to charge that the Board was acting in an unconstitutional manner if they proceeded to grant the license to Trans-Canada Air Lines. Colonial also secured an injunction which would enjoin the Board from sending any recommendation concerning a license to the President. The Board then filed with the courts a motion to dismiss the charge by Colonial Airlines.

6. The hearing went ahead on August 29th and was completed on September 2nd. The examiner then began preparation of his report which would go before the Board.

7. On September 2nd Mr. Wrong gave to Dean Rusk, Assistant Under Secretary in the Department of State, a memorandum urging the State Department to do everything possible to expedite proceedings and pointing out the difficulties that the Canadian Government were experiencing in Canada in justifying to the Canadian public the existing situation where U.S. airlines were operating new rights under the Agreement at Gander while no Canadian airline had been permitted to exercise any of the new Canadian rights. Mr. Pearson also spoke to Mr. Acheson on September 9th. During these discussions it was reported by our Ambassador in Washington that Acheson urged "that no retaliatory action should be taken by Canada and...suggested that one or two extensions of thirty days should be granted to the airlines operating through Gander.... [H]e considered it reasonable to assume before this extension ran out that the situation would be clarified".

8. On October 6th, a 3-judge court met at Washington to hear the Board's motion to dismiss the Colonial case. On November 16th, a decision was given by this court which was two to one in favour of the Board. Colonial Airlines however appealed this decision and were successful in securing a continuation of the injunction at a court hearing on November 30th.

9. It was at this time that the State Department gave the first intimation that the Colonial action had not delayed the proceedings of the CAB vis-a-vis TCA. Up until that time we had been led to believe that the examiner was sitting on his report since no action could be taken in any event until the injunction was dismissed. However, at the end of November we were informed by the State Department that when the examiner completed his report (which he had been preparing for nearly three months) it would be necessary for at least another forty days to

elapse to take care of interventions, oral arguments, etc. before the Board could take the case under considerations.

10. Towards the end of November Canadian officials in Ottawa began to feel that some action should be taken against Colonial who, by virtue of their activities in United States courts were acting against the Canadian public interest and against the spirit of the Bilateral Air Agreement. It was proposed that a show cause order be issued to Colonial if they continued to maintain their obstructionist position. This information was conveyed by John Baldwin to Russel Adams, a member of the Civil Aeronautics Board, on November 17th and 25th and shortly thereafter this information was conveyed to the State Department by our Embassy. Similar information was also made to the United States Embassy in Ottawa. When this information was passed to the State Department, Mr. Snow, who occupies the Canadian Desk, replied that the State Department would have no real objection if all possible steps that might be undertaken by Canada were within the terms of Canadian legislation. If this were the case there would presumably be no State Department support for the Colonial case.

11. The show cause order was issued on December 1st when it became apparent that the Colonial injunction was to be indefinitely continued. The prospects for a hearing before the Supreme Court of the United States were extremely vague; at the very best the case might be heard in February, but more seasoned observers felt that a year would be a more modest estimate.

12. Following the issue of the show cause order to Colonial, a flurry of criticism broke out in the United States. Members of the United State Senate were in the van of this movement but extravagant attacks on Canada came from many other sources including Governor Dewey of New York and Mr. O'Connell, Chairman of the Civil Aeronautics Board. These protests should be set against the fact that during the period that Colonial Airlines have been successfully obstructing the grant of a license to Trans-Canada Air Lines no official Canadian statement was made to derogate or criticize United States administration or Colonial Airlines. On the other hand, the United States press and public sentiment remained undisturbed despite the obvious injustice of the situation until the logical and inevitable action was taken against Colonial Airlines. It depends one may presume on whose ox is being gored.

III—Status of other new rights granted under the Agreement

13. Canadian Pacific Airlines filed an application last summer for its traffic rights through Honolulu. The hearings on this case were completed by the Board on September 2nd, the same day as the Montreal-New York hearings. The examiner completed his report and a license was issued to CPA by the end of October.

14. Trans-Canada Air Lines also applied for traffic rights through Tampa to the Caribbean. There were a number of minor delays in connection with this hearing, but the hearing was finally completed on November 29th. The examiner indicated that his report would be ready by December 21st. However, it is anticipated that there will be more interventions when this report is presented and that the procedural steps in connection with this application would not be completed until some time in February.

15. It is interesting to note with respect to the above cases that the examiner's report in connection with the Honolulu case was prepared in about six weeks, and it is expected that the report on the Tampa case will be completed in less than a month. The examiner's report on the Montreal-New York route on the other hand was over three months in preparation.

16. We have also completed plans to make Stephenville available as an alternate airport to Gander. This was in accordance with an exchange of notes concluded at the same time as the Agreement and represents a concession to United States airlines. On the other hand, plans are still incomplete to make Argentia an alternate to Torbay for Trans-Canada Air Lines domestic use. The delay is the result of the failure of State Department and Navy who administer the base to properly get together.

17. On the opposite side of the ledger, United States airlines were permitted to continue their traffic rights at Gander without interruption since confederation. Two permanent licenses have now been issued to American Overseas and Trans-World Airlines, and a third to Pan American is being completed. Licenses for the new rights at Edmonton will be issued as soon as Northwest Airlines complete their documentation with the Board. In addition we have permitted American Airlines to continue to fly the route between Buffalo and Toronto pending their designation of a carrier for the new Toronto-New York route although the Buffalo-Toronto route is non-existent under the new Agreement.

O.G. S[TONER]

722.

DEA/9330-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 21, 1949

U.S.-CANADA CIVIL AVIATION DISCUSSIONS

The following summary may be useful to you in the event that you wish to report to Cabinet on the progress of the civil aviation discussions with the United States.

2. Subsequent to notes being exchanged between the two governments, representatives of the United States and Canada have been meeting to discuss matters relating to the order issued by the Air Transport Board to Colonial Airlines to show cause why their license to operate air services between Montreal and New York should not be suspended. The United States group was led by Mr. Adrian Fisher, Legal Advisor to the Department of State. During the discussions the whole question of the operation of the Montreal-New York route was thoroughly explored. It was evident that the United States did not agree with the interpretation placed by the Air Transport Board on sections of the Bilateral Air Agreement signed last June. The fundamental difference lay in the contention by the United States Dele-

gation that nothing in the Bilateral Agreement would permit suspension of Colonial's license on the basis suggested in the evidence placed before the Air Transport Board as a result of the hearing with Colonial Airlines. In this respect our own Legal Division has made a preliminary examination of the Air Transport Board case, and there are some reservations on their part as to whether it is beyond legal challenge.

3. The United States Delegation made it abundantly clear that by virtue of an injunction granted by the United States court, the U.S. authorities could take no action to grant a license to Trans-Canada Air Lines to operate the Montreal-New York route until the Supreme Court had settled the case between the Civil Aeronautics Board and Colonial Airlines concerning the validity of the Air Agreement. They anticipated that such a decision could be handed down by June 15th. They gave assurances that every effort would be made by both the Civil Aeronautics Board and the State Department to expedite the handling of this case by the Supreme Court. In the meantime they urged that the Air Transport Board should not suspend Colonial's license. The United States would be required to take exception to any finding of suspension and make formal representations to the Canadian Government that it constituted a violation of the Bilateral Air Agreement. The United States are prepared, if necessary, to submit this as a difference of interpretation to arbitration. They pointed out that this ruled out from their point of view any suggestion that the Air Transport Board might suspend Colonial's license but grant some temporary continuation of their operating rights.

4. On the Canadian side, at the outset of the discussions it was made clear that at no time had the Air Transport Board or the Canadian Government ever questioned the constitutional right of Colonial Airlines to have determined by the United States courts the validity of the Bilateral Agreement under United States law. However, it was also pointed out that the Air Transport Board was an autonomous agency in Canada empowered to make its own findings on the evidence submitted to it. It would not be appropriate for the Government to intervene in its deliberations nor to anticipate or to guarantee to the United States what its decision would be.

5. During these discussions there was general agreement on both sides that it would be most regrettable if this matter of interpretation of the Agreement developed into a controversy between the governments and was eventually submitted to arbitration. As a result many formulas were explored in the hopes of finding some possible method which would ease the situation for both governments. Most of these formulas were rejected for various reasons by one group or the other.

6. It became clear early in the discussions that Colonial Airlines' chief objective was to secure from the United States Civil Aeronautics Board an additional domestic route from New York to Washington, and the new trans-border route from New York to Toronto. The Canadian delegation suggested that the existing difficulties might be resolved if the CAB could meet these requirements of Colonial. The United States rejected this suggestion on the grounds that certain statutory administrative procedures had to be carried out in connection with the granting of these routes which could not be completed, in the case of the New York-Washington

route, until mid-summer when the Supreme Court case would in any event be completed. For the New York-Toronto route these administrative procedures could be completed by February, but the designation of Colonial to operate another route between Canada and the United States would only cause additional worries for both governments. The United States delegation also rejected this possibility on the principle that the integrity of the CAB would be seriously damaged if they succumbed to what was in effect blackmail by Colonial and granted concessions in an attempt to call off Colonial's obstructionism.

7. It was also suggested that the United States might designate another airline to operate the Montreal-New York route in place of Colonial. This was also unacceptable to the United States representatives on the basis that such redesignation could not be procedurally complete before August.

8. The Canadian Delegation stated it could see no reason why an injunction to prevent the grant of a license to TCA should be retained pending the termination of the constitutional point. The United States delegation explained that under United States law an appeal could be brought before the Supreme Court only on the basis of some specific court action; in this case the injunction was the only relevant court action.

9. During these discussions, the U.S. requested in strongest terms that the Air Transport Board should make no finding. As noted above it was explained that the Government would find it difficult to suppress any finding. The furthest the Canadian Government could go, and this was with some reservations, would be to withhold making suspension effective pending the conclusion of inter-governmental discussions.

10. Out of the many proposals put forward by both sides, three possible courses of action remain under consideration.

(1) The first one, which is acceptable to the United States, would involve the Air Transport Board announcing that it had completed its review of the Colonial case and that it had decided that it would be justified in suspending the license of that airline. It would, however, withhold action on the basis that one of the Board's important functions is to ensure that the air transportation requirements of the Canadian public are met; until the United States authorities are free to license a Canadian airline, Colonial Airlines can provide the only direct service between Montreal and New York. The Air Transport Board in announcing such a move could make reference to the representations of the United States Government and indicate that the United States Government was prepared to make a concession in agreeing not to designate a United States airline to operate the direct route between Toronto and New York until the United States authorities are in a position to license a Canadian airline over the Montreal-New York route. This would tend to relieve in part the inequitable situation.

This course of action has several objections from the Canadian point of view. It suggests to the public that pressure has been brought by the United States Government on the Canadian Government to influence a decision of the Air Transport Board. The argument concerning the necessity of maintaining air services between Montreal and New York would appear somewhat fatuous since the general public

would anticipate that the authorities had given full consideration to such an eventuality when the action was undertaken against Colonial. Moreover, in realistic terms, the United States would not be making a major concession in deferring the designation of a carrier to operate the Toronto-New York route.

(2) A second course of action which would also be acceptable to the United States, involves a slight variation of the first proposal. In view of the reasons outlined in this first proposal, the Board could avoid making a decision on the grounds that it would be inappropriate at this time. This is to some extent preferable in that it removes the undesirable situation of finding Colonial unsuitable and then allowing it to continue to operate. However, the same general objections obtain for this proposal as for the first proposal.

(3) A third course of action, which is far less acceptable to the United States, would involve the reopening of the Colonial investigation by the Air Transport Board. During the initial hearing Colonial Airlines did not testify and made motion for adjournment pending clarification of their position under the Logan Act. The Board might grant this motion and invite Colonial to appear again and give evidence.

This procedure has obvious disadvantages. If the Board decided after the new hearing that there was insufficient evidence to suspend, the Canadian public would interpret the reopening of the hearing and the ultimate decision as evidence that Canada succumbed to United States pressure. It would also appear that the Air Transport Board has acted precipitately and it would unquestionably lose face having regard to all the publicity which the matter has received. If the Board decided to suspend, this would provoke additional reaction in the United States and lead to new representations from the United States Government and eventually an interpretational controversy over the Bilateral Air Agreement.

11. In connection with proposals (1) and (2) above, the United States delegation is exploring the possibility of appealing to the Chief Justice to stay the injunction temporarily on the grounds that it is prejudicing the United States Government's international relations. This would be an additional concession to offset any action on Canada's part to withhold suspension.

12. The meetings adjourned on Wednesday with the understanding that both governments would give additional consideration to the three proposals outlined above. Each government would also look more fully into the general position of the other government in the hopes of finding some satisfactory solution.

A.D.P. H[EENEY]

723.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, December 22, 1949

...

CANADA-U.S. AIR AGREEMENT; RECENT DISCUSSIONS

31. *The Secretary of State for External Affairs* reported on discussions with the United States which had concluded that morning.

U.S. officials had taken the view that the recent action of Colonial Airways in questioning the validity of the Canada-U.S. Air Agreement did not justify suspension of their license by the Air Transport Board. While Canadian officials had argued against that point of view, they had been impressed with the legal strength of the U.S. position. In these circumstances, if the Air Transport Board were to decide on suspension, the U.S. Government might claim that Canada had violated the agreement and ask for the application of the arbitration procedure provided in the Agreement.

While it was not desirable for the Government to influence the Board in arriving at a decision, should it be in favour of suspension, arrangements might be made to withhold any action until the validity of the agreement had been determined.

Certain rights exchanged under the agreement had not yet been granted and possibly some formula could be devised involving concessions by both sides. Such an arrangement might satisfy public opinion in Canada for the time being.

32. *The Prime Minister* observed that, in general, the agreement provided for an exchange of two kinds of rights, those in effect prior to the agreement and which were continued; and those granted for the first time. A useful approach might be to leave the "continuing" group in effect but to withhold action on the granting of new rights until the validity of the agreement had been determined. If this course were followed, any decision on the part of the Air Transport Board to suspend Colonial Airway's licence would remain inoperative until such time as the validity of the agreement had been established and new rights became exchangeable.

33. *The Cabinet*, after further discussion, noted the report of the Secretary of State for External Affairs on recent discussions with the United States on the Canada-U.S. Air Agreement, and agreed that the question of policy to be followed by the Canadian Government be decided by the Secretary of State for External Affairs and the Minister of Transport in consultation.

3^e PARTIE/PART 3CONSEIL DU TRANSPORT AÉRIEN AU PACIFIQUE SUD
SOUTH PACIFIC AIR TRANSPORT COUNCIL

724.

PCO/Vol. 124

*Note du ministre des Transports
pour le Cabinet**Memorandum from Minister of Transport
to Cabinet*

[Ottawa], August 10, 1949

OBLIGATIONS OF CANADA AS A RESULT OF MEMBERSHIP IN SOUTH PACIFIC AIR
TRANSPORT COUNCIL

Last autumn, as a result of projected initiation of Canadian Pacific Air Lines service to Australasia, Canada joined the South Pacific Air Transport Council, the other members of which are Australia, New Zealand, the United Kingdom and Fiji. Canada participated for the first time as a member of the Council on the occasion of its annual meeting in November-December 1948. Most of the recommendations of this Council meeting dealt with routine technical matters which are being handled at the official level, but one major policy matter came forward for discussion, namely the provision and subsequent operation and maintenance of air navigation facilities in the South Pacific, the biggest item of which is an international airport in Fiji.

Nandi airport in Fiji, which is presently used by international services and also, to some extent, by regional services, was a military field which was turned over for civil use after the cessation of hostilities and is now maintained jointly by the original members of the Council. The New Zealand Government, which is responsible for the air defence of Fiji, has notified the South Pacific Air Transport Council that Defence requirements necessitate that Nandi should be taken over within the next five years by the Royal New Zealand Air Force, and that civil operations from that airport will have to cease and, therefore, it becomes necessary to construct a new international airport on Fiji territory. At its third meeting, the Council decided that the site for the new airport should be at Suva, the capital of the colony, and it was the obvious desire of the original members of the Council that Canada should contribute to the capital costs of the new airport and the early initiation of a survey for this purpose.

The Canadian Delegation, in accordance with instructions it had received, reserved Canada's position with regard to any question of contribution to capital expenditures although, after consultation with Ottawa, it committed Canada in principle to participation in the costs of operating the South Pacific Air Transport Council and the costs of operation and maintenance of those air navigation facilities in the South Pacific which could reasonably be counted as necessary for the operation of trunk line services. Subsequently, it was made known informally to the other members concerned that the Canadian Government did not favour making

any capital contribution to any of the air navigation facilities in the South Pacific and, in particular, to the construction of the new international airport at Suva, Fiji. In this connection, it is to be borne in mind that Nandi is in a rural area more than 100 miles away from Suva, the capital, and it would be most advantageous to the operators of the regional services of the South Pacific to have a good modern airport at Suva. Pressure is now being put on Canada for formal action on the recommendations of the third meeting of the South Pacific Air Transport Council. Accordingly, it is recommended that the other member Governments of the Council should be informed:

(1) That Canada does not propose to make any contribution towards the capital costs of any air navigation facilities in the South Pacific and, in particular, the proposed new international airport at Suva, Fiji, (because it believes that its contributions to international civil aviation in the northeast Pacific are an adequate *quid pro quo* for the facilities it might enjoy in the southwest Pacific).

(2) That Canada will be prepared, however, to contribute as indicated during the third meeting of S.P.A.T.C. to the maintenance and operating costs of the air transport facilities in the South Pacific which can be attributed to international trunk line services used by the airline designated by Canada, and suggests that a fair contribution in this connection would be 25%.

(3) That the Canadian Government would like to have an estimate from the other member Governments of the S.P.A.T.C. of the extent to which the facilities in the South Pacific, including Fiji, can be attributed to trunk line services to be used by the airline designated by Canada, so that some assessment in the costs involved can be made.¹⁶

The Canadian Delegation recommended to the Council that the facilities in Fiji should be made the subject of an application to the International Civil Aviation Organization for joint support, but it quickly became clear that the attitude of the other member Governments in excluding the I.C.A.O. and the United States of America was based partly on considerations of prestige and partly on reluctance to permit the United States to acquire any voice in the matter because of difficulties they had already experienced *vis-a-vis* the U.S. carrier, Pan American Airways.

The total maintenance and operating cost of present facilities is about \$450,000 annually. Until further information is received, it is not known to what extent these should be attributable to regional services and to what extent to trunk line services. The proposed contribution would be 25% of that portion attributable to trunk line services.

LIONEL CHEVRIER

¹⁶ Le Cabinet approuva ces recommandations le 17 août 1949.
Cabinet approved these recommendations on August 17, 1949.

CHAPITRE IX/CHAPTER IX
IMMIGRATION

PREMIÈRE PARTIE/PART 1
CONTRÔLES DE SORTIE ET D'ENTRÉE
EXIT AND ENTRY CONTROLS

SECTION A
PROCÉDURE DE SÉLECTION SÉCURITAIRE DES IMMIGRANTS
SECURITY SCREENING OF IMMIGRANTS

725.

DEA/232-AK-40

*Note de la Gendarmerie royale du Canada
au jury de sélection*

*Memorandum by Royal Canadian Mounted Police
to Security Panel*

Ottawa, March 29, 1949

SECURITY SCREENING OF IMMIGRANTS
PRESENT PROBLEMS

The present methods of screening, the results thereof and the problems arising therefrom, can best be considered under the headings of the different immigration schemes involved and the countries or areas presenting special difficulties. These are set down hereunder.

Close Relative Scheme

2. Persons who immigrate to Canada under the above scheme may be (a) D.P.'s¹ or (b) persons from other countries who have been sponsored by a relative or other individual in Canada.

3. D.P.'s are screened by direct interview in Germany, Austria, Sweden, etc. and normally do not come forward until such time as a report has been received indicating that they are clear or not clear for security.

4. Security screening of persons under (b) category follows an entirely different plan popularly referred to as the 14 day plan. This procedure is that applications are received at the Immigration Offices in Canada and providing the applicant meets all requirements other than security the application is then forwarded to R.C.M.P. Headquarters for security screening of the sponsor in Canada and the proposed immigrant overseas. 14 days after the application has been forwarded to R.C.M.P.

¹ Personnes déplacées/Displaced persons.

for security screening and regardless of whether a security report has been received or not, the Visa Officer in the country concerned is advised by the Immigration authorities in Ottawa that the application has been approved. In short, this gives the R.C.M.P. 14 days only in which to screen the sponsor in Canada and the proposed immigrant overseas. If no report is received within that period from the R.C.M.P., and it practically never is, the immigrant can come forward.

5. It is absolutely impossible for the R.C.M.P. to complete this screening in the prescribed time of 14 days. First the application when it is received at R.C.M.P. Headquarters must be carded and passed through registration channels before it is dispatched overseas. At the moment there is a backlog of approximately 3,000 cases. This means that the application does not leave Headquarters for overseas usually until after the 14 day period has expired.

6. There is a backlog in London of 13,365 cases and it is anticipated that it will take from a year to a year and a half for current applications under this scheme to reach final screening in London.

7. The situation in London is this. All applications forwarded to London are taken to British contacts for screening against their files. British contacts can handle approximately only 35 a day. The R.C.M.P. are dependent on their co-operation to complete this work and are in no position to ask them to deal with more than they are prepared to accept. It therefore will be seen that regardless of the number forwarded from Canada to London they can pass through the screen at the rate of 35 per diem and no more.

8. From the above it will be seen that London can clear approximately 840 a month. The R.C.M.P. have been sending to London, as received from Immigration, a much larger volume than this. The current applications more than exceed the London quota of 35 per day and the backlog can only continue to increase without hope of being dealt with so long as the present volume of applications received from Immigration continues.

9. Furthermore, the R.C.M.P. are requested very frequently by Immigration to expedite certain cases, many of them behind the 'Iron Curtain'. These expedited cases must fall in the quota of 35 a day with the consequence that older applications drop back further into the backlog.

10. It is believed that a very large percentage of the present London backlog consists of persons who are already in Canada and concerning whom no screening report will be available for months. If an unfavourable report comes forward after entry, there are apparently no legal provisions under which the persons involved can be deported as they have already been granted a permanent landing.

11. The only useful purpose therefore which this screening under the 14 day scheme serves is to provide the R.C.M.P. eventually with a record of persons who have come into Canada who may be considered subversive.

Labour Scheme

12. Under this scheme persons are brought forward to Canada in bulk for the purpose of filling labour shortages in such fields as mining, lumbering, etc. These persons are presented for screening by the I.R.O. before Immigration teams in

Europe and are dealt with before Immigration teams in Europe and are dealt with on the spot by a Security Officer. There is therefore, no great problem or backlog in dealing with this scheme.

13. There are, however, certain security difficulties which should be noted. There have been cases of men who have applied to come forward with a group on, for instance, the Mine Workers' Scheme and have been turned down for security. Some of these men have immediately departed for another section of Germany and made application to join, for instance, a group of lumber workers coming forward to Canada and the I.R.O. file at the point where they made previous application does not follow them forward. On arrival at the new point of application I.R.O. make up a new file which does not disclose that the man has been previously rejected on security grounds. He is by now better prepared to face interrogation and quite frequently is passed. Similarly there have been cases of men having been rejected as D.P.'s and who, under similar circumstances have made application to come forward under a Labour Scheme and have been accepted due to there being no record of their previous screening.

14. The R.C.M.P. are endeavouring to overcome this by the circulation of a black list among all Security Officers overseas. Any man rejected is immediately circularized on this black list. Quite frequently, however, the second application takes place within a matter of days and before the names on the black list can possibly get to all Security Officers.

C.N.R. and C.P.R. Schemes

15. The railways are recruiting throughout Europe labour for use on maintenance of way etc. The problem in these cases is that the applications, called Form 357, are forwarded to London Office of the R.C.M.P. by the Immigration Office there for screening through London channels. These are all marked "Preferred Attention" due to the fact that shipping space is usually available. They are, therefore, screened ahead of routine cases and here again this results in the building up of a backlog of routine cases.

Screening behind the Iron Curtain

16. The R.C.M.P. have now advised Immigration and the Department of External Affairs that attempts to screen persons who desire to come forward from 'Iron Curtain' countries are proving impossible to carry out. No security information is obtainable in the country of origin; there is only the London check. This is a hit-and-miss method which may only catch one in several hundred or a thousand and would only show up well known Communists or Nazi collaborators. The R.C.M.P. therefore consider that screening of applications behind the 'Iron Curtain' is now impossible. The only exception is Czechoslovakia for which there are good sources outside the country itself. These sources will eventually disappear but for the present are useful.

Far East

17. Recently, at a meeting held in the office of the Deputy Minister of Mines and Resources, the R.C.M.P. pointed out that screening of applications in the Far East, particularly Shanghai, is now almost unproductive. There are no Security Officers

in the area and the Canadian Vice-Consul who has carried out this screening through his local contacts has now advised the Department of External Affairs that outside of special cases it is now almost impossible to obtain useful information under the present chaotic conditions in China. At the same meeting it was agreed that a certain number of the refugee types who escaped from Nazi domination should be admitted without screening. Since this meeting the R.C.M.P. have been advised by associated intelligence organizations that the Russians propose to use this channel to infiltrate agents into Canada and the United States. The name of one known agent who will be applying to come forward has already been supplied to Immigration by the R.C.M.P.

Israel

18. The question has been raised regarding the screening of persons in Israel applying for entry into Canada. The R.C.M.P. feel that it is impossible to offer any effective screening of persons applying to come forward from Israel. The only security records known to be available are the former British Palestine Police records which are now maintained in Cairo. Access to such records could only be sketchy and they do not begin to cover the thousands of people who poured into Israel illegally during the trouble and who have immigrated to Israel since the British withdrawal.

Special Considerations

19. It is pointed out that:

(a) Communist organizations abroad are doing everything possible to infiltrate Communists into this country. Other groups are doing the same for former Nazis and Nazi collaborators. There is proof that such operations have been planned and in a number of cases have been successful.

(b) If immigration is to continue at its present volume, it must be clearly understood that security risks are involved and must be accepted. Security screening will necessarily be incomplete and it cannot be assumed that an effective screen exists through which all persons coming to Canada must pass.

(c) If the present situation is considered so serious that effective security screening must be established and maintained, then the present volume of immigrants to Canada must be sharply reduced.

(d) An increase in the number of Canadian Security Officers does not meet the situation in any way for the reason that this country does not maintain an overseas intelligence or security organization and we are dependent upon the records of those friendly countries which do collect and collate such information.

726.

DEA/50207-A-40

*Extrait du procès-verbal de la réunion du jury de sélection**Extract from Minutes of Meeting of Security Panel*

SECRET

Ottawa, April 7, 1949

I. SECURITY SCREENING OF IMMIGRANTS—PRESENT PROBLEMS

1. *The Panel* had before them a request from the Immigration Branch, Department of Mines and Resources, to review security immigration policy and procedure in the light of problems which have developed since April, 1948. In this connection a memorandum had been circulated by the Royal Canadian Mounted Police for consideration of the members entitled "Security Screening of Immigrants—Present Problems".

The security screening programme had become partially ineffective by:

(a) over-loading of screening facilities due to the large number of prospective immigrants; and

(b) the impossibility of securing any information relative to security from Eastern European countries, the Far East and Israel.

At present there was a backlog of approximately 13,000 cases awaiting review.

(R.C.M. Police memorandum of March 31st, 1949—Security Panel document SP-40)

2. *Mr. Jolliffe*² opened the discussion by pointing out that the problem was divided into two basic questions; first, what information should be given to applicants or to the sponsors of applicants when a visa is refused on security grounds; and, secondly, what changes in the present government policy of immigration, and the procedure for implementing that policy, are required to speed up the completion of security enquiries?

3. During the *general discussion* which followed, the following major points were brought out.

(a) The R.C.M. Police is having difficulty in safeguarding the sources of information on which an applicant is turned down for security reasons. In such cases the sponsors of the immigrant may correspond with either Members of Parliament or with the minister concerned and are often given information from the highest levels which embarrasses the Police in respect to their relations with the U.K. and U.S. security services.

(b) The present 14-day delay in taking action on sponsored requests for immigrants to enter Canada was originally provided in order to give the R.C.M. Police additional time to institute security enquiries. In view of the large backlog of cases under review, the advantages of this 14-day delay have become nullified.

² A.L. Jolliffe, directeur de l'immigration, ministère des Mines et des Ressources.
A.L. Jolliffe, Director of Immigration, Department of Mines and Resources.

(c) The present arrangements for security screening in France, Italy, the Netherlands, Belgium, Denmark, Norway and Sweden are generally satisfactory and should be continued.

(d) The examination of displaced persons in camps in Europe is a useful method of checking their desirability and should be continued. Of the 60,000 D.P.'s considered for entry into Canada, approximately 1,000 have been rejected for security reasons.

(e) Under present circumstances it is virtually impossible to obtain any information concerning applicants from Eastern Europe and the security screening of such applicants is almost valueless. Hence, if such immigrants are to be admitted to Canada at all, it must be on the understanding that no opportunity exists for adequate security screening.

(f) Of the backlog of 13,000 cases now under review by the U.K. authorities, some 11,000 applications are from Eastern European countries. It is very difficult to assess the real meaning of this backlog as many of the applicants are already in Canada and, of the remaining number, it is impossible to state how many might eventually obtain exit permits from their countries of origin.

(g) It was noted that the countries of Eastern Europe are refusing to grant exit permits to any able-bodied citizens and the flow of immigrants is largely confined to dependent families of immigrants already in Canada. Any able-bodied worker from Eastern Europe who holds an exit permit from his country of origin should be looked upon with suspicion.

(h) In view of the impossibility of adequately screening prospective immigrants from Eastern Europe, if it is decided to continue the present immigration policy, measures should be considered to meet the added security risk by improving the security situation inside Canada. Such measures might include:

- (i) an increase in personnel available to the R.C.M. Police;
- (ii) a form of registration for aliens; and
- (iii) a modification of the deportation regulations.

(With regard to (iii) it was noted that undesirable aliens can only be deported from Canada if their country of origin is willing to receive them).

(i) Security screening of prospective immigrants from the Far East or from the State of Israel is just as difficult as the screening of those from Eastern Europe. It was noted that the Israeli Government had set up some form of screening facilities of their own in order to control the flow of undesirables attempting to enter Israel from Central Europe, many of them in transit to other countries.

4. *It was agreed*, after discussion, to report to Cabinet on the major difficulties that have arisen in connection with the conduct of security enquiries concerning prospective immigrants and suggestions for meeting the problem without curtailing immigration plans; this memorandum to include the following points:

(a) The desirability of issuing a Cabinet instruction to all departments of government that no security reasons would be given for the refusal of a visa.

(b) Security procedure concerning persons in D.P. camps and those resident in France, Italy, the Netherlands, Belgium, Denmark, Norway and Sweden is satisfactory and should be continued.

(c) Because of the restrictive emigration policy of the satellite countries, any able-bodied applicant from Eastern Europe in possession of an exit permit should be regarded with suspicion.

(d) Because of the ineffectiveness of security enquiries concerning immigrants from Eastern Europe, the Far East and Israel, there were two alternative courses of action; either to permit unrestricted (in a security sense) immigration, or to severely restrict immigration from these areas. In the former case a problem might be created in Canada which would warrant additional measures to meet the increased internal security risk.

(e) A decision would be sought from the Cabinet whether, in the circumstances, security checking of immigrants from Eastern Europe, should be continued.

727.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 22, 1949

IMMIGRATION; SECURITY SCREENING OF APPLICANTS

7. *The Minister of Mines and Resources* reported that the procedure for screening prospective immigrants for security purposes had recently been reviewed by the Security Panel.

Their report called attention to the difficulties which the R.C.M. Police encountered in securing information on applicants in eastern European countries, Israel and China. As a result, the Police had a backlog of some 20,000 cases which had been referred to them, but had not yet been dealt with. In some cases the individuals concerned were already in Canada.

In the circumstances, the Panel suggested that there were three alternative methods of coping with the problem—by rejecting all applications from persons in the areas referred to, by waiving security regulations for these categories, or by adopting a new procedure which would satisfy security requirements and at the same time permit the entry of deserving cases. The last alternative was recommended.

An explanatory note was circulated.

(Memorandum for Cabinet, Chairman, Security Panel, Sept. 22, 1949—Cabinet Document 1055).†

8. *The Cabinet*, after discussion:

(a) approved the following procedure for security screening of certain classes of prospective immigrants:

(i) Applicants who are citizens or residents of eastern European countries (U.S.S.R., Poland, Czechoslovakia, Yugoslavia, Hungary, Albania, Rumania, Bulga-

ria) and of Israel to be informed that, if they proceed for examination to visa-issuing centres at London, Paris, Brussels, Stockholm, Rome, Karlsruhe or Salzburg, their cases would be considered on their merits.

(ii) Applications from China to be rejected, with the exception of the following classes:

women with children under 18 years of age not accompanied by an adult male;
unaccompanied male and female children 18 years of age and under;
men over 65 and women over 60 years of age;
priests, clergymen, recognized members of religious bodies.

(iii) Applicants from Central and South American countries, other than native born nationals, to be subject to security screening in order to prevent European immigrants from entering Canada through this channel without adequate examination.

(b) agreed that the Security Panel be instructed to keep this general subject under review.

728.

DEA/232-AK-40

Directive du Cabinet
Cabinet Directive

CIRCULAR NO. 14

Ottawa, October 28, 1949

CONFIDENTIAL

REJECTION OF IMMIGRANTS ON SECURITY GROUNDS

The purpose of this directive is to bring to the attention of all government departments and agencies concerned the necessity for withholding information with regard to the rejection of immigrants on security grounds.

Displaced persons and certain classes of prospective immigrants desiring to enter Canada are investigated under established procedures by the R.C.M. Police. Persons in specified categories (i.e., Communists, members of the Nazi or Fascist Parties or of any revolutionary organization, "collaborators", and users of false or fictitious names or documents) are regarded as inadmissible under the Immigration Act and are refused a visa. As some of the persons so rejected are not aware that their subversive records are known to security and intelligence agencies, disclosure of the reasons for their rejection as immigrants tends to excite suspicion and compromise valuable sources of information.

For these reasons, it is important that, in such cases, no intimation be given to the applicant, the relatives or the sponsor that entry had been refused on security grounds. In some instances, this information has been passed on to the applicant or the sponsor by persons who, because of their position, have had access to the facts. This has resulted in serious embarrassment to the immigration authorities and to the Police.

In view of the above, the Cabinet decided on September 29th, that under no circumstances should the reason for withholding permission to enter Canada, in the case of displaced persons and prospective immigrants, be attributed to security grounds. The only information to be given out in these cases should be a simple statement, without explanation, that a visa has been refused.

SECTION B

RÉADMISSION DE CANADIENS AYANT SERVI
DANS DES FORCES ARMÉES ENNEMIES
PENDANT LA DEUXIÈME GUERRE MONDIALE
READMISSION OF CANADIANS WHO SERVED IN ENEMY FORCES
DURING SECOND WORLD WAR

729.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, February 18, 1949

...
REVOCATION OF NATURALIZATION; NATURALIZED CANADIANS HAVING SERVED IN
ENEMY FORCES

3. *The Secretary of State* referred to a Cabinet decision of June 2nd, 1948, to the effect that the Immigration Branch should be instructed not to facilitate the re-admission to Canada of naturalized Canadians having served in enemy forces.

Each individual case had been reviewed under the provisions of the Immigration Act. In a few cases the Board of Review had felt unable to recommend revocation of the certificates of naturalization. It was suggested that naturalized Canadians falling within this category might be re-admitted to Canada.

4. *The Cabinet*, after discussion, agreed that any case of a naturalized Canadian having served in enemy forces in respect of which a Board of Review had concluded that revocation of citizenship might not be justified be referred to the Department of External Affairs for examination and report.

730.

DEA/939-C-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], February 23, 1949

READMISSION OF CANADIANS WHO SERVED IN THE ENEMY ARMED FORCES

On February 17th I sent you a note[†] on this subject along with a draft letter to the Secretary of State. Mr. Gibson³ had written to you suggesting that he raise the matter in Cabinet. The draft reply asked him to do so and briefly reviewed the position, pointing out its many difficulties. You will have seen the reference to this matter in the Cabinet minute of February 18th.

2. The Cabinet decision as now minuted is as follows:

"It was agreed by the Cabinet that any case of a naturalized Canadian having served in Enemy Forces, in respect of which a Board of Review had concluded the revocation of citizenship might not be justified, be referred to the Department of External Affairs for examination and report."

3. This decision clearly needs clarification since there is no aspect of the matter upon which this Department could examine and report after the decision of the Secretary of State had been taken to sustain a person in his citizenship. Mr. Gibson has written to Mr. Heeney suggesting that the Cabinet minute does not correctly reflect the decision and he suggests to Mr. Heeney that, if there is any doubt as to the decision in this matter, he will be glad to refer it back and have the decision clarified.

4. While the paper I sent you on February 17th[†] sets out my view of this matter at some length, it is possible to summarize as follows:

(a) On December 12, 1947, the Cabinet approved a recommendation of the Cabinet Committee on Immigration Policy to the effect that the matter should be referred to Justice for consideration of the necessary legislation to deprive persons who had served in the Enemy Armed Forces of their citizenship.

(b) Meantime and pursuant to Cabinet Instruction, Officers abroad were informed that the re-entry to Canada of Canadian citizens by birth and naturalization who had so served was not to be facilitated and that they were not to be advised of their admissibility to Canada as of right.

(c) Subsequently cases came to attention in which such persons had been sustained in their citizenship by the constituted Commission for Enquiry, and some had been given Certificates of Canadian Citizenship. Nevertheless, under the instructions their return to Canada can not be facilitated.

³ Colin Gibson fut le secrétaire d'État jusqu'au 1er avril 1949, lorsqu'il remplaça J.A. MacKinnon à titre de ministre des Mines et des Ressources. MacKinnon devint sénateur.
Colin Gibson was Secretary of State until April 1, 1949, when he replaced J.A. MacKinnon as Minister of Mines and Resources. MacKinnon became a Senator.

(d) In at least one case [...] the Commission for Enquiry heard the case and sustained the man in his citizenship. There was then a vigorous protest made by his brother-in-law, an ex-serviceman of Chatham, Ontario, against the return of one who had served in the Enemy Forces. Revocation proceedings were then re-instituted and, to the best of our knowledge, have still not been completed. None the less, the Department of the Secretary of State is advising the wife of the man that the question of facilitating his return to Canada is a matter for this Department.

5. It is not clear why the original decision of the Cabinet on December 12, 1947, was not implemented. Discussion recently between an Officer of this Department and the Under-Secretary of State led to suggestion that legislation should be introduced depriving alleged traitors of their citizenship but setting up adequate appeal machinery so that such persons could establish their right to be reinstated in their citizenship.

6. The present position in which people are being sustained in their Canadian citizenship by the constituted authority, but refused travelling facilities, is contradictory and embarrassing. At the same time there may be grave political objections to permitting the return to this country of people who have notoriously served in the Armed Forces of the enemy. The case [...] referred to above, is one in point.

7. 44 cases of this nature have come to the attention of this Department. Revocation has been ordered in 34 of them, but in 10 (nearly a quarter) the persons concerned have been sustained in their citizenship. The intent of the Citizenship Act toward persons of this category in the future is very clear under Section 17. The provisions of that Section are not retroactive and the Commission for Enquiry must therefore deal with present cases under Section 21 "disloyalty and disaffection to His Majesty". The tendency of any judicial body leans over in favour of absent persons. The impression which has been gained in this Department is that the decisions of the Commission for Enquiry lack consistency and that in some cases their attitude is exceedingly lenient.

E[SCOTT] R[EID]

731.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 11, 1949

...
 REVOCATION OF NATURALIZATION; CANADIANS HAVING SERVED IN ENEMY FORCES

18. *The Secretary of State* referred to the decision at the meeting of February 18th. As recorded, this required reference to External Affairs of cases where the Board of Review had concluded that revocation of citizenship might not be justified.

Some uncertainty existed as to departmental responsibilities in giving effect to this decision and it was suggested that it be reconsidered.

19. *The Secretary of State for External Affairs* observed that any action to facilitate re-entry of Canadian citizens who had served in enemy forces and whose citizenship had not been revoked by the Board should be the subject of very careful consideration.

20. *The Cabinet*, after considerable discussion, agreed that the Secretary of State and the Secretary of State for External Affairs consult together with a view to submitting for consideration, at a later date, recommendations on the procedure to be followed respecting re-entry of Canadian citizens who had served in enemy forces.

732.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, May 18, 1949

...

CANADIANS HAVING SERVED IN ENEMY FORCES; ADMISSION TO CANADA;
REVOCATION OF NATURALIZATION

15. *The Secretary of State for External Affairs* referred to the decision of Cabinet of June 2nd, 1948, and subsequent discussion of February 18th and March 11th, 1949.

The decision of June 2nd had made it necessary for missions abroad to refuse issue of passports to Canadians who had served in enemy forces. This applied even where there might be no possibility of revocation of status, as in the case of persons who were Canadian citizens by birth, or where a Commission of Inquiry had recommended against revocation of naturalization.

It seemed desirable to allow some flexibility by having missions refer all such cases to Ottawa for consideration. It would also clarify the position if further examination could be made of cases of revocation which might be pending or doubtful. Reconsideration might be desirable in some instances where revocation had not been ordered.

16. *The Minister of Mines and Resources and Acting Secretary of State* agreed that reference to Ottawa would be desirable as suggested.

17. *The Cabinet*, after discussion, agreed that Canadian representatives abroad be directed that applications for passports or for facilities to come to Canada be referred to Ottawa when received from:

- (a) natural born Canadian citizens who had served in enemy forces; and,
- (b) naturalized Canadian citizens who had served in enemy forces and whose status had not been revoked.

733.

DEA/939-40

*Note du chef, direction consulaire
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Consular Division
to Under-Secretary of State for External Affairs*

[Ottawa], July 12, 1949

I had a long talk yesterday with Mr. Jolliffe about a number of immigration problems that are more or less thorny. One of these is the admission to Canada of Canadians, native born or naturalized, who served in the enemy armed forces.

2. As you know, there has been no very clear directive from Cabinet on this question over a long period. We have now reached a stage of what is certainly considerable administrative difficulty and, in some cases, amounts to complete absurdity.

3. You are aware of the problems which have arisen over the return of naturalized Canadians who served in the enemy armed forces. It is with the native born that we are now faced with the absurdity to which I refer. You will recall that thirty years or so ago it was quite customary for Italian labouring families to come to this country, work on construction or maintenance gangs at the lowest standard of living which they could manage and return thereafter to Italy with perhaps \$4,000 or \$5,000, which was big money. We are now confronted with the aftermath of all this. Small Italian boys were taken back by their families at the age of two or three and, in due course, naturally had to serve in the Italian forces. They are now excluded because, as Canadian-born individuals, they served in the forces of the King's enemies. Their younger brothers, who were born in Italy the following year or so also served, naturally, in the Italian forces. Because, however, we have made a peace treaty with Italy, all is forgotten about the younger brothers and they are allowed to come to Canada as immigrants. We have at least one case in which the younger brother is already in Canada but his Canadian-born brother cannot come.

4. All this has brought Mr. Jolliffe to the point of recommending as follows:—

(a) Naturalized Canadians who have had their cases considered by a Commission for Inquiry and who have been sustained should immediately be given the necessary facilities to enable them to return to Canada, if they wish.

(b) Native-born Canadians should be given travel facilities, irrespective of their service in enemy armed forces.

Alternatively, Mr. Jolliffe will recommend an immediate amendment to the Canadian Citizenship Act by which persons who served in the forces of the enemy shall automatically be deprived of their citizenship. The onus of re-admission to citizenship will then fall upon the persons concerned. The assumption must be that all assumed the citizenship of the country for which they fought and so would not be left stateless. Some, in due course, could be re-admitted as immigrants and thereafter have to "work their passage" to restoration of citizenship.

5. Despite the outcry which I daresay will come from a few isolated spots, I believe that the first alternative is, on the whole, the better. I have come to the

conclusion that the Government is not willing drastically to change the Canadian Citizenship Act to introduce what would be a penalty in retrospect.⁴

L[ESLIE] C[HANCE]

734.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, October 11, 1949

CANADIAN CITIZENS WHO SERVED WITH ENEMY FORCES; READMISSION TO CANADA

26. *The Minister of Mines and Resources*, referring to Cabinet decisions of December 12, 1947, June 2, 1948, and May 18, 1949, stated that the procedure then agreed upon had not disposed of cases and applicants were continually pressing for decisions on admissibility.

With the concurrence of the Secretary of State for External Affairs, it was now recommended that passports be issued to Canadian citizens by birth notwithstanding service in the enemy forces and that cases involving naturalized citizens be referred to the Department of the Secretary of State for consideration prior to decision regarding passports.

An explanatory memorandum had been circulated.

(Joint memorandum, Minister of Mines and Resources and Secretary of State for External Affairs, undated, Cabinet Document 1076).†

27. *The Cabinet*, after discussion, approved the recommendation of the Minister of Mines and Resources, as concurred in by the Secretary of State for External Affairs and agreed that:

(a) passports be issued to Canadian citizens by birth notwithstanding the fact that they had served in enemy forces; and,

(b) cases involving Canadian citizens by naturalization be referred to the Department of the Secretary of State for consideration by a Commission under Section 21 of the Canadian Citizenship Act; passports to be granted and admission to Canada allowed in cases where naturalization was not revoked; admission to Canada to be refused in cases where naturalization was revoked.

⁴ Note marginale/Marginal Note:

You're probably right about this though I'd prefer the alternative. I take it J[olliffe]'s Minister may be bringing the matter up before long before Cab[inet] Immig[ration] Co[mmittee].
A. H[eney] Jul. 14.

SECTION C

ADMISSION DES ÉTRANGERS ENNEMIS
ADMISSION OF ENEMY ALIENS

735.

DEA/9408-A-40

*Note du chef, direction consulaire
au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, Consular Division
to Acting Under-Secretary of State for External Affairs⁵*

[Ottawa], March 1, 1949

On February the 19th you attached to a personal letter written by the Ambassador to China to the Minister, an enquiry as to whether I thought the Minister might raise in Cabinet the question of the present prohibited entry of German citizens to Canada. I learned the other day that the Minister of Mines and Resources is raising this question himself. It seems to me, however, that the whole matter should be approached with caution.

2. German citizens are at present debarred from entry into Canada by Order-in-Council P.C. 4850 of November 27, 1947, which prohibited the entry or landing in Canada of enemy aliens. The Order-in-Council, however, provided that exceptions could be made in cases of people who had been opposed to the Nazi regime. Relatively few such exceptions have been made.

3. I am told that there are large numbers of people in this country of German origin who are pressing for the admission of near relatives from Germany. Under the present law, of course, the Immigration authorities can only refuse to do anything with their applications. On the face of it this seems a little inhumane at this stage of the post-war developments. I suppose it must be presumed that, but for the differences which have arisen between the Allies, a peace treaty would by now have been negotiated with Germany and some reasonable steps might by now have been taken to bring German individuals back into the human family. How long the present situation can continue and whether the Western Allies will not have sooner, perhaps rather than later, to make some settlement separate from the Eastern group, is a matter of high politics. Presumably the decision would have to be taken in concert with all the Western Allies.

4. Apart from any other consideration, if there is to be any hope of trade reviving between Germany and the rest of the world it is obvious that there must be adequate interchange of people who are conducting trade matters in the two countries. At present our commercial people can be granted permission to visit Germany but there is little or no traffic in the other direction. All this seems to be rather absurd and getting a little out-moded by the march of events.

⁵ Reid envoya cette note à Pearson le 11 mars 1949.

Reid forwarded this memorandum to Pearson on March 11, 1949.

5. On the other hand, there are very real and practical aspects of this matter which suggest the wisdom of taking no very hasty action. There are, for example, large numbers of refugees who still have not been moved under the I.R.O. scheme. There are also large numbers of non-German close relatives still waiting to come. There might be a very loud outcry against any movement of German nationals proper until it was clear that non-Germans had been dealt with.

6. From the purely domestic political standpoint it seems to me to be a question of weighing the popularity among a group of people of admitting their relatives and the unpopularity amongst other sections of admitting Germans.

7. While the principle of "magnanimity in victory", so often the path of common sense, seems to dictate the pulling down of this barrier, it is my own personal view that this is not the moment to do it.

[LESLIE] C[HANCE]

736.

DEA/939-B-40

*Note du secrétaire du Comité du Cabinet sur la politique de l'immigration
au Comité du Cabinet sur la politique de l'immigration*

*Memorandum from Secretary to Cabinet Committee on Immigration Policy
to Cabinet Committee on Immigration Policy*

CONFIDENTIAL

[Ottawa], April 26, 1949

ADMISSION OF ENEMY ALIENS

1. At present, under the authority of Order in Council P.C. 4850 of November 26, 1947, the entry to or the landing in Canada of enemy aliens (nationals of Germany and Japan) is prohibited except of those who satisfy the Minister of Mines and Resources that they were opposed to their enemy government.

2. The question of allowing entry into Canada of enemy aliens who are relatives and friends of Canadian residents was discussed at the meeting of the Cabinet of April 4, 1949.

It was decided at that meeting that the present policy should be modified to the extent of allowing enemy aliens to enter

- (a) if their entry was sought by a person resident in Canada;
- (b) if they could present themselves for examination by Canadian officials in Europe; and,
- (c) if they were recommended for admission after examination.

It was understood that no change in the regulations was intended; the intention was simply that individual cases might be brought to Council, through the Minister of Mines and Resources, for special decision in respect of each.

3. The Minister of Mines and Resources would now like to obtain a clarification of Cabinet's decision in order that the Immigration Branch may carry out effectively the policy that the Government wishes to apply.

4. The Department of Mines and Resources feel that if the Cabinet's decision is to be broadly interpreted the results would be as follows:

(a) Any resident of Canada could apply for a relative within the admissible classes and that relative would then be admissible to Canada if he or she could reach one of our offices outside Germany or, presumably, either our headquarters at Karlsruhe or one of our immigration teams (of which there are nine) operating in various parts of Germany. All that would be required would be to prove that the particular Germans for whom application had been made are in good health and of reasonably good character.

(b) By adoption of this policy the Germans would be placed in a favourable position as compared with the citizens of any other countries except France, the United Kingdom and other Dominions, and the United States because, whereas we have in other countries only one centre at which application can be made, in Germany we will have ten.

(c) There is now in the Immigration Branch a backlog of requests for the admission of German nationals which involves several thousand cases.

(d) The adoption and effect of implementation of the policy proposed would result in the probable admission of more Germans than any other nationality, except British, during the next year or longer. Every ship coming across the Atlantic from a continental to a Canadian port during the next twelve months would be loaded with German nationals.

5. The Minister of Mines and Resources also submits for consideration the following points in relation to enemy aliens:

(a) Distinction between relatives within the admissible classes and other Germans;

(b) Distinction between Germans who served in the Armed Forces against Canada and those who did not;

(c) Distinction between Germans who were members of the Nazi party and those who were not.

(d) Consideration should also be given to the position of Italians of dual nationality (Italian and Canadian) whose admission to Canada is not to be facilitated if they had served in their Armed forces.

(e) Consideration should be given to the position of Germans of dual nationality (German and Canadian).

6. The Committee might wish to recommend to Cabinet definite provisions in clarification or modification of the decision of April 4, 1949.

RAYMOND RANGER

737.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, April 28, 1949

...

GERMAN NATIONALS; ENTRY INTO CANADA

5. *The Minister of Mines and Resources* sought clarification of the Cabinet's decision of April 4th, regarding entry into Canada of persons of German nationality, whose admission was sought by persons resident in Canada.

6. *The Prime Minister* said that his understanding of the present arrangement was that the Minister of Mines and Resources might in special cases seek the authority of the Governor in Council for the admission of a person of German nationality where an application had been made by a relative resident in Canada and where circumstances appeared to justify favourable consideration.

7. *The Cabinet*, after discussion, noted the Prime Minister's remarks and agreed that the Minister of Mines and Resources bring the matter forward for consideration at an early meeting.

738.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, May 3, 1949

...

IMMIGRATION; ADMISSION OF GERMAN NATIONALS

23. *The Prime Minister*, referring to discussion at the meeting of April 28th, observed that, under present regulations, there was no absolute impediment to German nationals being admitted to Canada. Special consideration could be given to deserving cases and admission approved by Order in Council.

24. *The Minister of Agriculture* suggested that, in present circumstances, it would be difficult to admit German nationals on a discretionary basis. Exceptions made to the general prohibition would probably create misunderstandings and cause some dissatisfaction among Canadians of German origin residing in Canada.

25. *The Cabinet*, after discussion, agreed that no change be made in the present restrictions on admission to Canada of German nationals and that any public statement on this matter should indicate that no change in the present policy could be considered until such time as Canada was at peace with Germany; the Minister of Mines and Resources to bring forward for individual consideration by Cabinet any particularly deserving cases that might arise.

739.

DEA/9408-A-40

*Note du chef, direction consulaire
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Consular Division
to Under-Secretary of State for External Affairs*

[Ottawa], July 12, 1949

Yesterday I discussed with Mr. Jolliffe the question of the admission of German nationals to Canada. As you know, they are at present excluded by the Order-in-Council which prohibits the admission of enemy aliens.

2. Mr. MacDermot and I have recently had some talk on this subject arising from the new status of Western Germany.

3. My own view is that we find ourselves in this matter in a position which is not very practical. We have, for example, made a peace treaty with the Italians and, as a result, Italians can come to this country under the ordinary prevailing immigration regulations. The fact that they were enemies is forgotten and forgiven, but the Italians are not very good settlers in Canada. We have not made a peace treaty with the Germans because our quarrels with our Russian allies have made such a treaty impossible. Consequently, the Germans are still enemies, despite the fact that we wish to cultivate better feelings, at least with Western Germany. They cannot come to Canada, although over the long call of the years they have been consistently good immigrants in this country.

4. Mr. Jolliffe thinks, and he is probably right, that the country is not yet ripe for a return to full-scale German immigration and that there would be an immense outcry against any general opening of the gates to Germans. He is, however, working on a proposal by which there should be a gradual pulling down of the barriers which keep Germans out. He would propose, for example, that the wives or husbands and minor children of German nationals already in Canada should be admitted. He cites one case of a man who came to this country in 1938, leaving his wife and one or two children in Germany. The war came and he could not get them out here because of the operation of the enemy aliens legislation. The unfortunate fellow is still here and he has not seen his wife and children for several years. Mr. Jolliffe says rightly that this is not only immoral but brutal. He would also recommend the admission of fathers and mothers of Germans who are already here and then perhaps as the general temperature of the country permitted gradually extend the classes of Germans to whom admission could be granted. Perhaps this is not very bold but, in the light which is vouchsafed to us, it may not be possible for us to do more than grope. I thought you would be interested in knowing how the thoughts of the Immigration people are turning on this subject.

L[ESLIE] C[HANCE]

740.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 13, 1949

...

IMMIGRATION; ADMISSION OF ENEMY ALIENS (GERMAN NATIONALS)

21. *The Minister of Mines and Resources* explained the difficulties encountered by his department in administering present policy with respect to the admission of German nationals. This provided that only "deserving cases" were given favourable consideration. A great many applications on file were represented as "deserving cases" and if exceptions were made, it would be difficult to keep immigration within reasonable limits.

It was, accordingly, suggested that the entry of certain categories of close relatives be authorized.

An explanatory note had been circulated.

(Minister's memorandum, undated-Cabinet Document 1036).†

22. *The Secretary of State for External Affairs* suggested that consideration might be given to extending the classes to include certain Canadian-born German nationals who now sought permission to re-enter Canada.

In his opinion, the time had come to grant temporary admission to German businessmen and students.

23. *The Cabinet*, after further discussion:

(a) authorized the Minister of Mines and Resources, subject to provisions of the Immigration Act, to deal favourably with applications for admission to Canada of the following categories of German nationals—

the wife and unmarried children under 18 years of age of a legal resident of Canada;

the husband of a legal resident of Canada;

the parents (aged 65 years and over) of legal residents of Canada;

(b) agreed that the question of extending the categories of admissible German nationals and of permitting entry to Canada, on a non-immigrant basis, of certain German nationals be the subject of further consideration and recommendation by the Minister of Mines and Resources and the Secretary of State for External Affairs.

741.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, December 22, 1949

...
IMMIGRATION; GERMAN NATIONALS; ADMISSION UNDER NON-IMMIGRANT STATUS
53. *The Secretary of State for External Affairs*, referring to discussion at the meeting of September 13th, said that, following consultation with the Minister of Mines and Resources, it was now recommended that temporary entry under non-immigrant status be granted to certain groups of German nationals.

An explanatory note had been circulated.

(Joint memorandum, Minister of Mines and Resources and Secretary of State for External Affairs, December 7, 1949—Cabinet Document 1118).†

54. *The Cabinet*, after discussion, agreed that the Immigration Branch allow temporary entry into Canada under non-immigrant status to the following groups of German nationals and under the conditions set out hereunder:

(a) German business men engaged in international trade to be allowed entry (for a reasonable specified period) provided such aliens could comply with the provisions of the Immigration Act, other than Order in Council P.C. 4850 of November 26, 1947, and further provided that applications were submitted through and endorsed by appropriate officials of the Allied High Commission in the Federal Republic of Germany and approved by the Head of the Canadian Mission in the Federal Republic of Germany acting on the advice of the Canadian Trade Representative in the Federal Republic;

(b) German business men in the United States to be allowed entry (for a short specified period) for business purposes, provided these aliens had been admitted thereto under temporary status and their travel documents established that they could return to the United States or to Germany;

(c) Persons of German nationality who were likely to make a definite contribution to the intellectual, scientific, commercial or cultural life of Canada and on their return to Germany were likely to contribute to the rehabilitation of their own country and its integration into the democratic community of nations (to be allowed entry for one year, subject to such extensions as the circumstances might warrant), provided they could comply with the requirements of the Immigration Act other than those of Order in Council P.C. 4850 of November 26th, 1947, and provided that they fell into one of the following categories:

(i) Senior university students;

(ii) Students who had obtained scholarships from the International Student Service of Canada or from other scholarship-granting organizations approved by the Canadian Government;

(iii) Fellowship holders coming forward under the auspices of the Canadian Council for Reconstruction through UNESCO or other similar organizations approved by the Canadian Government.

SECTION D

CAS D'OTTO STRASSER
CASE OF OTTO STRASSER

742.

DEA/44-GR-40

*Note du chef, direction de l'Europe
au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, European Division
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], January 14, 1949

OTTO STRASSER

In September, 1940, the United Kingdom Foreign Office asked Mr. Massey⁶ if we would take Strasser in before his permit to remain in Portugal expired on October 2nd, 1940, (thus saving him from the Gestapo). The British Secret Service told the R.C.M.P. he might be most useful in Canada, apparently, to head a Free German Movement here and in the United States. For humanitarian reasons, for reasons of prestige, and with the sponsorship of the United Kingdom Government, it was agreed to admit him on the assumption that he had means of financial support.

2. Gradually Strasser lost the United Kingdom sponsorship, which became disfavour, as Strasser's anti-Soviet propaganda became embarrassing. His activities were curtailed and his source of revenue dried up.

3. Strasser landed at Saint John, N.B., on April 8th, 1941, from Bermuda as a political refugee. His entry into Canada was permitted primarily on humanitarian grounds but also partly to prevent Hitler from extracting prestige from the capture of a renegade German whom the Allies were powerless to help. The United States was then neutral and Strasser was not able to go there. The United Kingdom was obviously unable to play host under the conditions of 1940-41 and Canada agreed to accept him.

4. In September, 1945, Strasser was pressing two suits:

- (a) for permission to enter the United States for an operation;
- (b) for travel documents to travel to Switzerland.

Both were pressed with varying degrees of vigor until suit (b) was rejected on July 18th, 1947, after consultation with the United Kingdom. On suit (a) we agreed to re-admit Strasser after his visit to the United States but on November 25th, 1947,

⁶ Vincent Massey, alors haut-commissaire au Royaume-Uni.
Vincent Massey, then High Commissioner in the United Kingdom.

he informed the Department that the United States had refused to permit him to enter. At the same time he renewed suit (b).

5. On September 24th, 1948, in a talk with Mr. Chance he produced a letter from the French Consul in Winnipeg promising a visa. He then gave notice of his intention to apply for a travel document to enable him to go to France. The application came on November 19th, 1948. On December 13th, 1948, we asked the United Kingdom, United States and French Governments for their views. Replies were all unfavourable.

6. Strasser, unfortunately, could provide leadership for reviving German nationalism. His writing and personal testimony lead one to believe that a Strasser-led party would not be in the interests of German stability.

T.W.L. M[ACDERMOT]

743.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, April 28, 1949

...

PRESENCE IN CANADA OF OTTO STRASSER

8. *The Minister of Justice* reported that his attention had been called to the possibility of Otto Strasser, now resident in Bridgewater, N.S., moving to Winnipeg to take up residence. Strong objections had been raised.

9. *The Prime Minister* recalled that Strasser, an ex-member of the German Nazi party, had been admitted to Canada during wartime at the request of the U.K. government. In these circumstances it might be useful to consult U.K. authorities with a view to his deportation.

10. *The Cabinet*, after further discussion, agreed that the Secretary of State for External Affairs explore with U.K. authorities the possibility of Otto Strasser being returned to Germany.

744.

DEA/44-GK-40

*Note du secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Secretary of State for External Affairs
to Deputy Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], August 4, 1949

I have recently received reports concerning the activities of Dr. Otto Strasser which make me think that we should reconsider urgently the whole question of Strasser's position in Canada.

I attach an extract from a letter which has been forwarded to me concerning Strasser,† together with copy of an advertisement which appeared in the German language newspaper "Courier".† This and other evidence indicate that Strasser is trying very hard to establish himself as a leader amongst German-speaking Canadians.

We have been forcing Strasser to remain in Canada because of the difficulty which might be caused by his presence in Germany. Sooner or later, however, we shall have to permit him to leave this country. In the meantime, it is difficult for us to restrict his movements or activities here, particularly since we are forcing him to remain. I wonder, therefore, if we should consider urgently whether more trouble is not likely to be caused by keeping him here and permitting him to organize German Canadians, than by getting him out of the country as soon as possible and letting him return to Germany.

If we are going to change our policy in regard to Strasser, I think we should do so as quickly as possible and I would, therefore, be grateful for an early report on this question.

L.B. P[EARSON]

745.

DEA/44-GK-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], August 8, 1949

RE: OTTO STRASSER

Following the decision of Cabinet of April 28, and under your directions, enquiries were made of the United Kingdom authorities regarding the possibility of Otto Strasser being returned to Germany. It was pointed out that the case was somewhat awkward for this country and we should be interested to know if the Foreign Office had altered its view about his return to Europe. In reply, July 8, Canada House reported that it was still the view of the Foreign Office that "if Strasser returned either to Western or Eastern Germany he would cause considerable embarrassment to the Western Occupying Powers. His arrival would be particularly unfortunate at a time when the German Government in the West is just coming into being". They went on to point out that while Nationalist groups in Western Germany were now very active, they were also divided, but that the advent of a commanding personality like Strasser might give them a leadership which might become a serious menace.

The Foreign Office said, therefore, that they would be grateful if the Canadian authorities would maintain "for the present" their refusal to grant a Certificate of Identity.

On July 1, Strasser wrote to you, as he said, "for the sixth—and last—time" asking for the Certificate and saying that for the time being he wanted only to go to France, and then to Switzerland, to rejoin his family.

In reply to this, we notified Strasser that it had been decided that there was no reason to change the decision to refuse his request.

Meanwhile reports from Germany freely predicted the return of Strasser to lead his party—The League for Revival of Germany—and a newspaper report from Berlin adds that all preparations for his return had been made and a flat in Munich had been secured. In view of the latest developments, including Strasser's letter to the Prime Minister of July 28,† and the report received by you concerning Strasser's activities in British Columbia,† I would suggest that the attached letter† be sent to Strasser asking for the necessary information, a pre-requisite to issuing the Certificate, but not committing ourselves to doing so. In the meantime, Canada House could be asked to advise the Foreign Office of your concern about Strasser's activities and your present intention to consider granting him the travel document he requests. A draft telegram† on this point is also attached for your approval.⁷

E[SCOTT] R[EID]

746.

DEA/44-GK-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], October 31, 1949

OTTO STRASSER

In a telegram to London, dated August 12, which you approved, we asked Canada House to inform the Foreign Office that Strasser's political activities have been embarrassing and were threatening to become more so and that you were considering acceding to his application for travel documents to facilitate his leaving the country. In the replies ultimately received from Washington and Paris, the State Department and the French Foreign Office replied that they hoped we would be able to keep Strasser in Canada because if he left here it would be almost impossible to prevent him from reaching Germany where he would be a dangerous embarrassment both to the new government and to the occupying powers. Canada House reported that the Foreign Office, on the official level, shared these views. Berlin was kept informed of these exchanges.

2. On September 9, we asked the Foreign Office for their final opinion as we did not wish to act until we had learned the views of the Occupying Powers, but that it might become necessary to do so in the next two or three weeks. On September 17,

⁷ Note marginale:/Marginal note:

I think that the telegram should be sent off at once and the letter held until, say, Monday when it might be reviewed if but only if a reply to the telegram has come from London LB P[earson]

instructions were sent to London, Washington, and Paris to inform the local authorities that we proposed to inform Strasser, on October 1, that we would grant him a Certificate of Identity, provided he could obtain evidence of admissibility to some other country. Berlin was again informed. Canada House reported that the United Kingdom Government was consulting the other Occupying Powers.

3. In the meanwhile the French and United States Governments reiterated their views that Strasser's removal to Europe would create serious difficulties and asked again that we reconsider our decision. On September 23, we received a telegram from London, reporting that the Parliamentary Under-Secretary of the Commonwealth Relations Office had called on the High Commissioner to ask us to defer final action beyond the date October 1, which we had mentioned. It was intimated that Mr. Bevin might speak to you about this during his visit to Ottawa. On September 28, the French Ambassador in Ottawa, M. Guérin, on the occasion of one of his first official calls on the Department, left with me a note asking us to give up our plan of permitting Strasser to leave Canadian territory.

4. Some of these communications were passed on to you in New York and on your instructions, further consideration was given to this question. As a result, on September 29, we informed London, Washington and Paris that we were re-examining our decision and that until our study was completed, no Certificate would be issued.

5. On October 1, a memorandum† was prepared for you recommending that we inform the occupying powers that we would postpone granting Strasser a Certificate of Identity and that we should warn them that we did not believe it would be possible to keep Strasser out of Germany or in Canada indefinitely, because his departure was not a matter over which the Canadian Government had complete control. This memorandum was not sent to you, as on October 3, in a conversation with Sir Roger Makins, I agreed that we might absorb the embarrassment of Strasser's activities in this country as a contribution towards preventing a greater embarrassment in Germany. This decision was later communicated to London, Washington, Paris and Berlin.

6. On September 27, the Managing Director of *Der Courier* wrote to you asking for a statement of policy on Strasser's application. *Der Courier* is the German language newspaper in Regina which has published a great deal of Strasser's work. On October 17, I signed a reply† on your behalf stating that a Certificate of Identity is issued at the discretion of the Canadian Government and that in the exercise of this discretion, the Government had decided not to issue this document to Dr. Strasser "at this time".

7. According to press reports last week, Strasser has asked Mrs. Eleanor Roosevelt and other notables to intervene on his behalf on the grounds that he is being deprived of a human right.

A. H[ENEY]

2^e PARTIE/PART 2PERSONNES DÉPLACÉES ET RÉFUGIÉS
DISPLACED PERSONS AND REFUGEES

747.

DEA/5127-40C

*Note du chef, direction consulaire
au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, Consular Division
to Acting Under-Secretary of State for External Affairs*

[Ottawa], January 29, 1949

Some time ago we discussed the possibility of reviving the proposal under which the Government of Canada would have made a broad gesture toward the anti-communists who escaped from Czechoslovakia.

I have been making what enquiries I can as to the desirability of our doing anything more in this direction and have come to the conclusion that the time has passed at which anything useful might be done.

Senator [Cairine] Wilson has succeeded in getting a Committee together and has collected some \$3,000. She hopes to get more. Her Committee has already given some assistance to the few of these refugee Czechs who have arrived in Canada.

You will remember that at least in part as a result of our own efforts a decision was taken to admit 1,000 of these people. So far about 30 have come and I understand that there is a similar group on the way. Their placement has not been very easy as, although theoretically they came forward for specific work, they were not all quite suitable and there has been a certain degree of clashing between our friends the Nemecs⁸ and the Labour Department.

I notice in the Immigration-Labour Committee that there is a stiffening of resistance to immigration movements. There is no indication of any great anxiety on the part of these Czechs to come to Canada and though I was very keen on the project when it was first mooted I do not think in the present atmosphere we should make any progress with the proposal to admit a considerable number of white-collar workers.

Unless you have contrary views, therefore, I should be inclined to leave matters as they are and see how things work out concerning the approved thousand.⁹

L[ESLIE] C[HANCE]

⁸ Voir/See: Volume 14, Documents 800-801.

⁹ Note marginale/Marginal note:

I agree E[scott] R[eid]

748.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, May 27, 1949

...

IMMIGRATION; ADMISSION OF SMALL GROUPS OF ESTHONIANS; ADMISSION OF
BALTIC UNIVERSITY IN EXILE

5. *The Minister of Mines and Resources* referred to the problems arising out of the arrival, from time to time, in Canadian ports of small parties of refugees from Europe who had not been cleared or qualified, in the usual way, for admission to Canada by Canadian immigration officers abroad. In the past such persons had had to be maintained at public expense in Canada for considerable periods pending completion of medical and security tests which should have been passed before their departure from Europe. A further complication of this type of unauthorized immigration was that Canadian regulations required an intending immigrant to have \$2,000 as initial capital, while Swedish exchange regulations would not permit them to transfer more than \$400 from that country.

In the circumstances it was recommended that immigration officers in Sweden be authorized to warn prospective immigrants that persons presenting themselves for landing in Canada without passing through the usual immigration procedures would be refused admission and returned to the country from which they came.

At the same time a recent report from Sweden indicated that four ships were preparing to sail for Canadian ports carrying approximately 300 Esthonians who had previously sought refuge there. Some warning should, therefore, be given promptly.

It had been suggested that, since Swedish authorities would allow emigrants to take only \$400 per person out of the country, some consideration might be given to amending immigration regulations by lowering the amount of total capital assets required of immigrants.

6. *Mr. Gibson* further reported that the Refugees Defense Committee, New York, supported by the Executive Committee of the National Council of Canadian Universities, had applied for approval of the transfer to Canada from Germany of the Baltic University in Exile. This institution was staffed by a group of Esthonian, Latvian and Lithuanian scholars. Transfer would involve the movement of approximately 1,200 displaced Baltic persons. It was represented that no practical difficulty would be encountered in arranging for affiliation with one or other of the Canadian universities.

It had been suggested that admission of the Baltic University be authorized subject to the following conditions:

- (a) that Canadian universities agree to take in the Baltic students and staff; and,

(b) that evidence be secured to the effect that sufficient funds would be made available from the United States or other sources for maintenance and operation of the organization.

An explanatory note had been circulated.

(Memorandum, Minister of Mines and Resources, May 25, 1949—Cabinet Document 973).†

7. *The Cabinet*, after discussion, noted the reports by the Minister of Mines and Resources and agreed:

(a) that no changes be made in immigration regulations to facilitate admission of small groups of European refugees arriving in Canadian ports aboard private vessels; Canadian immigration officers in Sweden to be instructed to warn prospective immigrants that persons presenting themselves for landing in Canada without passing through the usual procedures would be refused admission and returned to the country from which they came; and,

(b) that the transfer to Canada from Germany of the Baltic University in Exile be not approved.

749.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, August 31, 1949

IMMIGRATION; D.P. IMMIGRANTS; VISAS

1. *Senator MacKinnon*, as Acting Minister of Mines and Resources, said that, with a view to controlling the increasing movement of D.P.'s arriving from Sweden on small vessels without prior examination and without obtaining Canadian visas as required by law, the Cabinet had agreed, on May 27th, that no changes be made in the immigration regulations to facilitate admission to Canada. Canadian immigration officials had consequently warned captains of ships and representatives of various national groups that persons applying for entry into Canada without obtaining visas would be denied admission.

A group of 154 Baltic displaced persons had recently arrived at Halifax from Sweden aboard the motor vessel "Parnu". It was reported that they were of a particularly desirable type. In the circumstances, it was recommended that they be authorized to remain in Canada subject to the usual requirements of health and character.

2. *Senator MacKinnon* suggested that, with a view to discouraging similar movements, a press announcement be issued summarizing the government's position and stating, amongst other things, that owners, agents or masters of vessels operating in this trade would be prosecuted in all cases where a violation of the Immigration Act could be established.

An explanatory note had been circulated.

(Acting Minister's memorandum, Aug. 29, 1949—Cabinet Document 1030).†

3. *The Prime Minister* suggested that, to avoid future embarrassment, the announcement should not be couched in too binding terms. It might be preferable to re-word the proposed announcement to constitute a categorical warning to immigrants who might try to come to Canada without visas. It would also warn operators of ships engaged in this traffic that they would be prosecuted. At the same time, the announcement might leave a possible opening to permit genuine hardship cases to be allowed entry without reversing any stated policy of the government.

4. *The Cabinet*, after further discussion, agreed:

(a) that the immigrants aboard the "Parnu" be transferred from Halifax to immigration detention buildings at Quebec and Montreal pending their obtaining security clearance;

(b) that the owners, agents or masters of vessels operating in this trade be prosecuted in all cases where violation of provisions of the Immigration Act could be established; and

(c) that the Acting Minister of Mines and Resources issue a public announcement stating the government's policy in this matter, amended along the lines suggested by the Prime Minister.

750.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 22, 1949

...

IMMIGRATION; ARRIVAL IN CANADA OF DISPLACED PERSONS WITHOUT VISAS

9. *The Minister of Mines and Resources*, referring to discussion at the meeting of August 31st, reported that additional numbers of displaced persons had arrived in Canada without prior examination and clearance by Immigration authorities.

The S.S. *Sarabande*, with 258 passengers, and the S.S. *Amanda*, with 31 passengers, had reached Halifax from Sweden and were now being detained pending decision as to their disposition. Legal proceedings had been instituted against the Captain of the S.S. *Sarabande* for violation of the Immigration Act.

The passengers were of Baltic origin and, provided they were in good health and satisfactory from a security standpoint, were a desirable type of immigrant. If they were deported, this would have to be done at public expense.

An explanatory note was circulated.

(Minister's memorandum, Sept. 20, 1949—Cabinet Document 1051).†

10. *The Prime Minister* suggested that the best way of dealing with this difficult situation would be to adopt a policy inflicting the least unnecessary hardship on the displaced persons themselves, but which would discourage further movements of

this kind. Persons of good health, cleared for security and otherwise admissible under the Immigration Act, might be permitted to remain but any person failing to meet these requirements should be deported. Prosecutions under the Immigration Act against captains and owners of vessels should be pressed to serve as a deterrent in future and to recover expenses incurred.

11. *The Cabinet*, after further discussion, approved the policy suggested by the Prime Minister and agreed that:

(a) unauthorized immigrants now at Halifax be admitted provided that they were satisfactory from health and security standpoints;

(b) persons failing to meet health and security requirements be deported; and

(c) prosecutions for violations of the Immigration Act be pressed against captains and owners of vessels employed in this trade.

751.

PCO/Vol. 166

*Note du secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet*
*Memorandum from Acting Secretary of State for External Affairs
to Cabinet*

SECRET

[Ottawa], October 13, 1949

IMMIGRATION OF POLISH CHILDREN

1. A group of 135 Polish children was recently sent to Canada under the auspices of the International Refugee Organization. The children had been in a refugee camp in Tanganyika and their transfer to Canada for placement in private families was arranged by the Canadian Catholic Conference. The Immigration Branch was approached by a representative of Archbishop Charbonneau of Montreal and, having been satisfied that arrangements for the care and maintenance of the children would be made, the Director of Immigration authorized their admission. It was understood at that time that all the children were orphans.

2. During the course of the children's movement to Canada through East Africa, across Europe via Rome and Bremen, the Polish authorities made a number of strenuous protests urging that the children should be repatriated to Poland. They protested, for example, to the local I.R.O. office in Rome and again in Bremen. They also protested on August 11th to the United States and Canadian missions in Germany, urging that the children be not embarked in Bremerhaven on a ship bound for Canada. On September 10th, immediately after the arrival of the first 123 children in Canada, the Polish Minister in Ottawa sent a formal note to the Secretary of State for External Affairs, asking whether the Canadian Government was aware that the children had been brought to Canada without the consent and against the will of their lawful guardians and secondly, what steps the Canadian Government was prepared to take to return the children to Poland. In his note, the Polish Minister claimed that some of the children had parents living in Poland, that others had close relatives there and that the remainder should be considered as wards of the Polish State.

3. Almost half of the children have passed their 17th birthday; they are considered by the I.R.O. to be no longer children and to be capable therefore of making up their own minds on whether they wish to be repatriated to Poland. Children under 17 who are orphans are covered by the I.R.O. Constitution. Annex 1, Part 1, Paragraph 4 of the Constitution states: "The term 'refugee' also applies to unaccompanied children who are war orphans or whose parents have disappeared and who are outside their countries of origin". Almost all the children come within one or other of these two classes, and a good case could be made in support of the I.R.O. action in sending them to Canada.

4. It is possible, however, that of the children under seventeen, eleven are not orphans but have one or both parents living in Poland and six have parents living outside Poland and that the parents in Poland would probably wish their children to be reunited with them in Poland. It would appear that the I.R.O. should not have sent these children to Canada until it had satisfied itself either that the parents did not exist or that they wished their children to come to Canada.

Recommendations:

5. It is recommended¹⁰ that the reply to the Polish Minister's note should state that the Canadian Government authorized the admission of the group of Polish children in good faith in the belief that all the children were orphans and were therefore properly within the mandate of the I.R.O., and that if, in the opinion of the Polish Government, certain children should not have been included in the movement, they should address their representations to the I.R.O.

[BROOKE CLAXTON]

¹⁰ Ni le ministre, ni le ministre par intérim n'était présent lorsque cette note fut présentée au Cabinet. Le nom et le titre de Claxton sont rayés de cette copie. Elle fut présentée par le premier ministre. Le Cabinet approuve les recommandations le 13 octobre 1949.

Neither the Minister nor the Acting Minister was present when this memorandum was presented to Cabinet. Claxton's name and title are crossed out on this copy. It was introduced by the Prime Minister. Cabinet approved the recommendations on October 13, 1949.

3^e PARTIE/PART 3
IMMIGRATION DEPUIS LA CHINE
IMMIGRATION FROM CHINA

752.

PCO/Vol. 83

*Note du ministre des Mines et des Ressources
pour le Cabinet*

*Memorandum from Minister of Mines and Resources
to Cabinet*

CONFIDENTIAL

[Ottawa], December 10, 1949

RE: ADMISSION FROM CHINA OF CHINESE WIVES AND CHILDREN OF CANADIAN
RESIDENTS

1. By Order-in-Council P.C. 2115 of the 16th of September, 1930, the Chinese wife and unmarried children under 18 years of age of a Canadian citizen are admissible to Canada. The Chinese Benevolent Association of Vancouver, B.C., has requested that the regulations be modified to permit the admission of wives and children under 18 years of Chinese residents of Canada, who have applied for Canadian citizenship but have not yet been naturalized; this to avoid hardship to the families of those who moved to Hong Kong following the filing of Declaration of Intention and before naturalization is actually granted to the head of the family.

2. Since the repeal of the Chinese Immigration Act on May 14, 1947, 523 persons of Chinese origin have been admitted to Canada, the majority being the wives and children of Canadian citizens. At present immigrants in this category are being admitted to Canada at the rate of about 60 per month. As residents of Canada who have obtained naturalization are now filing applications for the admission of their dependents at the rate of 80 per month, the number of admissions will increase proportionately.

3. During the 12 months period ended October 31, 1949, approximately 2800 Chinese have filed Declaration of Intention to become Canadian citizens. As fifteen months must elapse between the filing of the Declaration and the granting of naturalization, it can be assumed that during the year 1951 applications for the admission of the dependents of these new citizens will average 230 per month.

4. Should it be decided to deal favourably with applications for the admission of families following the filing of Declaration of Intention, and assuming that the majority of cases relate to persons of good character who eventually will be granted citizenship, it is estimated that most of the 2800 Chinese referred to in paragraph (3) would promptly apply for the admission of their dependents. It would take the present Hong Kong staff eighteen months to process this number of cases. If we increase the staff to ten inspectional officers with appropriate clerical staff, the cases could be cleared in about four months. This number of families, however, could not secure transportation in anything approaching such a short period of time.

5. The Chinese Benevolent Association claim that the families of Chinese residents of Canada who have already applied for naturalization are quickly becoming destitute in Hong Kong where they are awaiting entry to Canada, through the unnatural conditions existing in the Colony. It is doubtful that any appreciable number of families in this category have left their homes in Kwang-Tung Province to wait in Hong Kong for about fifteen months before being able to present themselves for examination. The Immigration Officer-in-Charge in Hong Kong makes no reference to such a situation in his reports. He does, however, state that the number of approved cases reporting in advance for examination is becoming smaller, due, no doubt, to the conditions in the Province now completely dominated by Communist forces.

6. As approval of the proposal of the Chinese Benevolent Association of Canada recorded in paragraph (1) of this memorandum, would probably result in the dependents of Chinese residents of Canada moving from their homes in the Province of Kwang-Tung to Hong Kong as soon as the head of the family applied for Canadian citizenship, and would mean approval by Order in Council for the admission of approximately 2800 families within a few months, it is recommended that the proposal be not approved. However, on humanitarian grounds and in order to prevent hardship to families that may have disposed of their homes and proceeded to Hong Kong in anticipation of being admitted to Canada, it is recommended that where a Chinese resident of Canada has applied for naturalization prior to December 1, 1949, is of good character and there is no likelihood of citizenship being refused, provision for the admission of his family be made by Order in Council waiving the requirements of P.C. 2115, provided it is established that the family has proceeded to Hong Kong prior to December 1, 1949.¹¹

753.

DEA/939-B-40

*Note du chef, direction consulaire
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Consular Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 20, 1949

CABINET DOCUMENT 1117¹²

This document deals with the proposed admission to Canada of the wives and unmarried children of Chinese who are resident in Canada, and who have made application for Canadian citizenship. At present, such people are not admissible to Canada, but only those who are the dependents of Canadian citizens.

2. The document recites the increased number of applications by Chinese for Canadian citizenship and the fact that pressure is being brought on our Immigration

¹¹ Approuvé par le Cabinet les 21-22 décembre 1949.

Approved by Cabinet on December 21-22, 1949.

¹² Document 752 ci-devant/above.

authorities for modification of the law because of the present situation now prevailing.

3. I discussed this some time ago with Mr. Jolliffe and have today discussed it with Mr. [A.R.] Menzies. We are of opinion that it is desirable that Chinese living in this country who are people of good character should become citizens. In view of the numbers involved, as set out in Cabinet Document, it seems to Mr. Menzies and me that the proposal made by Mr. Jolliffe in the concluding paragraph is eminently sensible. It will be noticed that he does not think that we should, at this stage, say that the dependents of anyone who has applied for Canadian citizenship should be admitted, but that the dependents of Canadian residents who applied for Canadian naturalization prior to December 1, 1949, be admitted, provided it is established that they themselves arrived in Hong Kong prior to December 1, 1949.

4. The point of the last part of the proposal is that pressure is being brought upon the Immigration authorities on the grounds that these people are pouring into Hong Kong and are destitute there, because they have left their homes, which are under Communist domination. I think Mr. Jolliffe's doubts on this score are probably well-founded.

5. If, however, it is found later that real hardships are developing, both Mr. Menzies and I agree that it will probably be necessary to have another look at this question.

6. For the present, we think Mr. Jolliffe's proposal goes as far as is necessary or desirable at the moment.

[LESLIE CHANCE]

4^e PARTIE/PART 4

IMMIGRATION DEPUIS L'INDE
IMMIGRATION FROM INDIA

754.

DEA/50017-40

*Le sous-ministre des Mines et des Ressources
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Deputy Minister of Mines and Resources
to Acting Under-Secretary of State for External Affairs*

SECRET

Ottawa, January 19, 1949

Dear Mr. Reid:

I have just read the copy of the dispatch from our High Commissioner in India, dated "about Oct. 26/48", in which Mr. Kearney discusses the immigration of Indians to Canada.¹³ I have a good deal of sympathy, as I am sure you have, for Mr. Kearney's point of view but I am not satisfied that his proposals would constitute

¹³ Volume 14, Document 815.

the best way of solving the problem that we face. It seems to me that it might be useful for you to suggest to Mr. Kearney that he consider the advisability of proposing to the Indian Government that they enter into an agreement with Canada along the lines of our proposal for an Immigration Treaty with China. I am still of the opinion that the principle underlying the proposals we made to the Chinese Government offer the best hope for meeting the problem of oriental immigration to Canada. These principles have been endorsed by the Government as recently as the first of May, 1947, when the then Prime Minister, Mr. Mackenzie King, stated that the Canadian Government "is prepared, at any time, to enter into negotiations with other countries for special agreements for the control of admission of immigrants on a basis of complete equality and reciprocity".

If Mr. Kearney thinks that a proposal of the kind that we made to China might meet the situation in India, your Department and ours could then get together with a view to working out a suggestion which might be laid before the Government here for consideration.

Yours sincerely,
H.L. KEENLEYSIDE

755.

DEA/50017-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures
au haut-commissaire en Inde*

*Acting Under-Secretary of State for External Affairs
to High Commissioner in India¹⁴*

TOP SECRET

[Ottawa], February 14, 1949

Dear Mr. Kearney,

We were interested in receiving your letter which we arbitrarily gave the date of October 26, 1948,¹⁵ in answer to Mr. Pearson's letter of August 12,¹⁶ on the subject of Indian immigration to Canada, in particular your suggestion for a modification

¹⁴ On ne saurait dire, d'après le dossier, si cette ébauche fut envoyée à Kearney. Elle contient, néanmoins, les vues des directions consulaire et du Commonwealth en ce qui a trait aux lettres de Kearney et Keenleyside. Leslie Chance inscrivit un commentaire à l'effet que ceci n'était pas «a question which is going to be settled very easily or very quickly and I should have thought that it is better to let it stand as it is at the present.» Son homologue, en tant que chef de la direction du Commonwealth, R.A. MacKay, affirma qu'il «would seem to us inadvisable to take any initiative in a manner of this kind» (Note du 21 janvier 1949, DEA/50017-40).

It is unclear from the file whether this draft was sent to Kearney. It does, however, incorporate the views of the Consular and Commonwealth Divisions regarding the letters from Kearney and Keenleyside. Leslie Chance commented that this was "not a question which is going to be settled very easily or very quickly and I should have thought that it is better to let it stand as it is at the present." His counterpart as Head of the Commonwealth Division, R.A. MacKay, stated that "it would seem to us inadvisable to take any initiative in a manner of this kind" (Memoranda of January 21, 1949, DEA/50017-40).

¹⁵ Volume 14, Document 815.

¹⁶ Volume 14, Document 814.

of our immigration policy to permit the entry for permanent residence of a small annual quota of Indian citizens. This was considered in the Commonwealth and Consular Divisions and referred to the Department of Mines and Resources as well as to all our missions in Commonwealth countries.

2. Dr. Keenleyside wrote to me regarding your letter on January 19. A copy of this letter, which I think you will find very interesting, is attached.

3. As you may have noticed from the Minutes of the Heads of Division meeting of January 24, an Inter-Departmental Committee has been constituted to review and revise the Immigration Act and Regulations. This is a matter in which this Department, as well as the missions abroad, have an obvious and considerable interest. The Inter-Departmental Committee which has been charged with the work of examining the existing Act, has not been given any authority to consider any alteration of its basis, under which the flow of immigrants to Canada is controlled by Orders-in-Council. However, this may not necessarily preclude us from making recommendations if we feel these are desirable, and consideration is being given to this matter by the Divisions concerned. We are happy, therefore, that you have taken some trouble to give us your views on this subject. Our officers who deal with relations with China and other Far Eastern countries, as well as those concerned with the new members of the Commonwealth in Asia, have been giving consideration to the consequences of our present policy of excluding persons of Asiatic race. They have been much attracted by the arguments in favour of a quota system and are preparing memoranda on this subject.

4. During the coming weeks, when the Immigration Act will thus be under careful examination, we will be glad to receive any views that Heads of Mission may wish to make.

5. We will not attempt, therefore, to prepare any general answer to your letter of last October. There are, however, one or two comments which might well be made at this time. In reply to paragraph 2 of your letter it may be said that Mr. Nehru did not at the meeting of Prime Ministers in London last October raise the subject of Indian immigration within the Commonwealth. These informal meetings deliberately avoided any specific issues between different members.

6. In paragraph 7 of your letter you raised the intriguing suggestion that it might be possible to arrange to have the few Asian immigrants who might come to Canada under a quota scheme reside in provinces other than British Columbia. While it is true, of course, that under Section 95 of the B.N.A. Act, the provinces have concurrent powers of legislation respecting immigration, these in fact have to be pretty well limited to settlement arrangements within provinces. The question of entry to Canada itself is a matter exclusively of federal jurisdiction. It is a fundamental principle that there should be freedom of movement between the provinces for all persons, including aliens in peacetime, although in wartime restrictions have been placed on the movements of enemy and other aliens. While, therefore, certain administrative arrangements might be made to encourage certain types of immigrants to settle in certain provinces, there would be no possibility of preventing them from moving to some other part of the country if they desired to.

7. We have been puzzled by the point raised by Dr. [D.P.] Pandia which you quote in paragraph 8 of your letter to the effect that the Canadian-born Indian men choose their wives in India with the result that Canadian-born Indian women must remain spinsters. It is rather difficult to understand why this should be the case especially as the number of men in the Sikh community far exceeds the number of women, and we do not know whether it is a general phenomenon among the Sikhs resident in and about Vancouver. In any event, it was certainly useful as an argument for Dr. Pandia, to seek some relaxation in our regulations so that fiancés of Canadian-born Indian women could come to Canada. This type of case was covered in Dr. Keenleyside's letter to Sardar Malik of June 25, 1948, a copy of which you have.

Yours sincerely,
[ESCOTT REID]

5^e PARTIE/PART 5

IMMIGRATION DEPUIS L'ITALIE
IMMIGRATION FROM ITALY

756.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 22, 1949

IMMIGRATION; SPECIAL CATEGORIES OF ITALIANS

12. *The Prime Minister* reported that representations had been made by the Italian Ambassador for greater Italian immigration to Canada.¹⁷

Present overcrowding and unemployment in Italy had prompted the government to do what they could to alleviate the situation. The Ambassador had given assurances that his government would take precautions to ensure a good type of immigrant being selected.

(External Affairs memorandum, Sept.15, 1949)†

13. *The Minister of Mines and Resources* reported that admission of Italians for farm labour had not been particularly successful. If any group movement of this type of immigrant was contemplated, it was suggested that a minimum of \$5,000 capital be required instead of \$2,000 as at present.

¹⁷ L'ambassadeur de l'Italie discuta avec la direction de l'Europe une proposition d'admettre 5000 agriculteurs italiens, le 15 juin 1949. Il déclara à ce moment-là que les capitaux nécessaires viendraient des fonds de l'Administration de la coopération économique.
The Italian Ambassador discussed a proposal to admit 5,000 Italian agriculturalists with the European Division on June 15, 1949. At that time he stated that the capital requirements would be met from Economic Cooperation Administration funds.

During the first five months of the current year, some 3,500 Italians immigrants had entered Canada and represented the second largest national group of alien immigrants.

(Immigration—Labour Committee memorandum Aug.25, 1949).†

14. *The Cabinet*, after further discussion, deferred decision on the question of encouraging group movements to Canada of Italian immigrants, the Italian Ambassador to be informed that present arrangements appeared to be working not unsatisfactorily with substantial numbers of Italians being permitted entry.

6^e PARTIE/PART 6IMMIGRATION DEPUIS LE ROYAUME-UNI
IMMIGRATION FROM UNITED KINGDOM

757.

DEA/939-B-40

*Note du directeur de l'immigration
au Comité du Cabinet sur l'immigration*

*Memorandum from Director of Immigration
to Cabinet Committee on Immigration*

CONFIDENTIAL

[Ottawa], October 26, 1949

BRITISH IMMIGRATION

There has been a marked decrease in the volume of British immigration during the present calendar year and this trend is continuing.

The following figures record the peak years of British immigration since 1900 and for the full period from 1945-46 to August 1949 inclusive:

<i>Period</i>	<i>British</i>	<i>All Others</i>	<i>Total</i>	<i>Percentage of British to Total Immigration</i>
1912-13	152,373	230,468	382,841	39.8%
1923-24	78,740	66,510	145,250	54.2
1945-46	20,162	10,919	31,081	64.8
1946-47	47,976	19,014	66,990	71.6
1947-48	44,788	34,406	79,194	56.5
1948-49	40,015	85,588	125,603	31.8
Jan. to				
Aug. 1949	17,120	54,855	71,975	23.7
May, 1949	2,217	6,967	9,184	24.1
June, 1949	2,903	9,064	11,967	24.2
July, 1949	1,939	8,677	10,616	18.2
Aug. 1949	1,806	6,045	7,851	23.0

British immigrants admitted to Canada in 1945-46 and 1946-47 were mainly dependents of Canadian servicemen.

From 1945 to 1947 demands for ocean transportation to Canada by prospective immigrants in the British Isles exceeded the accommodation available. In 1948 and 1949 the Canadian Government provided subsidized transportation and this problem largely disappeared. Immigration from the British Isles commenced to decline in the late autumn of 1948, and for the eight months ended August 31st, 1949, had decreased 45% compared with the corresponding period in 1948.

The main reasons for the decrease are:—

1. The backlog created by the complete cessation of immigration during the war period was disposed of by December 1948.

2. Restriction on the export of capital. British regulations effective from April 21st, 1948, permit emigrants to transfer one thousand pounds at the rate of two hundred and fifty pounds per annum. Previous to that date five thousand pounds could be exported at the rate of one thousand pounds per annum. (The devaluation of the £ will further discourage British immigration).

3. Little immigration publicity on Canada in the British Isles and the intense campaign of the Australian Government to secure settlers.

The following are contributing but less important factors in the situation:—

(a) The high cost of transportation (estimated at £170 per family of three).

(b) The cost of medical examination (estimated cost of X-ray examination six to seven pounds per family of three plus £1.10. where immigrants are examined by roster doctors.)

(c) Housing shortage in Canada.

The following proposals are submitted for the purpose of stimulating British immigration:—

I. Continue efforts to ease the regulations covering the export of capital belonging to immigrants coming to Canada, and continue also the effort to find some arrangement in Canada which will facilitate the financial establishment of these immigrants.

II. Open three additional immigration offices in the British Isles, possibly at York, Cardiff (or Bristol), and Inverness. The approximate cost of each office would be \$30,000 per annum.

III. Conduct a continuing publicity campaign, by press advertising, newspaper articles on Canada, films and the distribution of literature through travel agencies.

IV. Supply free X-ray examinations at all immigration offices in the United Kingdom.

V. Coordination of Labour Department representatives in the United Kingdom with the Immigration Service.

A.L. JOLLIFFE

758.

DEA/9349-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 1907

Ottawa, October 29, 1949

CONFIDENTIAL

Cabinet Committee on Immigration considered today¹⁸ (inter alia) a paper from Mines and Resources on immigration to Canada from the United Kingdom.

2. Paper recites decrease in United Kingdom emigration to this country citing following causes:

- (a) Wartime backlog disposed of by December 1948.
- (b) Restrictions on export of capital.
- (c) Little publicity on Canada and intensive Australian campaign.
- (d) High cost transportation.
- (e) Cost of medical examination.
- (f) Housing shortage in Canada.

3. Paper made following recommendations for purpose of stimulating British immigration into this country:

(I) Continue efforts to ease relations covering export of capital and continue efforts to find some arrangement in Canada to facilitate financial establishment of immigrants.

(II) Open three additional immigration offices in British Isles; following suggested: York, Cardiff, Bristol, Inverness.

(III) Conduct a continuing publicity campaign by press advertising, newspaper articles on Canada, films and distribution literature through travel agencies.

(IV) Supply free X-ray examination at all immigration offices in United Kingdom.

(V) Coordination Labour Department representatives in United Kingdom with Immigration Service.

4. Discussion was adjourned for your considered advice on recommendations stated in paragraph 3 above especially 3(V). Questions raised by 3(I) are, as you know, already under consideration. 3(II): Some doubt was expressed on wisdom of initiative on part of Canada to increase immigration at this time, when there are some indications that over next twelve months present high level of employment may decline. Keenleyside argued that if efforts were to be soft-pedalled in times as good as these, the future for immigration into this country would be dark indeed. 3(III): Attention was directed to very high cost and questionable value press publicity in United Kingdom in present circumstances. 3(IV) met with general approval.

¹⁸ Le 28 octobre 1949/October 28, 1949.

3(V) reflects continuing policy differences between Labour and Immigration Services. Labour was not represented at meeting. Immigration, however, urged that separate Labour activities in United Kingdom were causing real difficulties. It was stated activities Labour Department, London Office, had resulted in only 38 immigrants in first 8 months present year. Immigration argued that at very least two offices should be in same place and work coordinated.

5. You are requested to submit within next ten days, if possible, your views on all five recommendations. Matter somewhat urgent as Minister Mines and Resources wishes to have immigration policy for next twelve months delineated by time he has to present estimates.

759.

DEA/9349-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 1908

Ottawa, October 29, 1949

CONFIDENTIAL

Reference my immediately preceding telegram, immigration to Canada from the United Kingdom.

I am, of course, aware of your anxieties regarding multiplication of departmental representation in United Kingdom and your difficulties in coordinating such activities. As your reply will be circulated to all members Cabinet Committee, opportunity might well be taken to restate your views this regard.

760.

DEA/9349-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2086

London, November 2, 1949

CONFIDENTIAL

Reference your telegram No. 1907 of October 29th, future policy regarding emigration to Canada from the United Kingdom.

2. I concur in the general conclusions set forth in your paragraph 2 as to the cause of the decrease in United Kingdom emigration to Canada, although (b) is, of course, the controlling and most important. Moreover, since devaluation, (d) has assumed more importance on account of the increase in sterling steamship fares. As regards (c), I do not think paucity of Canadian publicity and an intensive Australian campaign are contributory causes of any importance. Apart from general

publicity about Canada, there was considerable advertising and publicity in connection with the recent efforts of Ontario to stimulate interest in migration to that province. As far as migration to Australia is concerned, the Australian Minister of Immigration, in a public statement at Canberra on March 30th, said that "1949 would be the most vigorous Australian emigration year since the gold rush days", and that 12 ships would bring the record number of 12,772 British emigrants. The majority of these would travel under the Government's free and assisted passages scheme, which also provided for the nomination of immigrants by relatives and friends guaranteeing accommodation. In making comparisons it should be borne in mind that in the case of migration to Australia, no dollar exchange problem arises, and that assisted passages are not available for emigrants to Canada. Yet our London Immigration Office figures show that 13,375 emigrants had proceeded to Canada this year up to the end of June.

3. Regarding the recommendations made for the stimulation of United Kingdom migration to Canada, referred to in paragraph 3 of your telegram under reference, I will deal with these points serially:

I. My telegram No. 2013 of October 22nd† made enquiry regarding current thinking in Ottawa arising out of the effects of devaluation on remittances by emigrants. I would assume that under present circumstances the Canadian view would be to regard this as entirely a matter for the United Kingdom authorities and there is little likelihood of their relaxing the existing regulations governing the export of capital. Any arrangement in Canada to facilitate the financial establishment of immigrants is, of course, another matter.

II. In my judgment, there is no case, under present conditions, for opening three additional emigration offices. You are aware that an office was opened in Glasgow by Ontario and this has now been closed. My telegram No. 1962 of August 14th† informed you of a statement by the Agent General for Ontario in London, who said this decision was influenced by the understanding that the Federal Government proposed extending its immigration services both in Canada and Britain. I think the real reason was that the Ontario authorities did not consider the continuance of the office warranted.

III. I have grave doubts as to whether a publicity campaign by press advertising would be a warrantable expenditure of public funds under present circumstances. Our Immigration Office could ensure a fairly general distribution of literature through travel agencies and other outlets if the material were available. Press advertising is very costly and our advertising experience in connection with the Canadian Government air charter scheme, when upwards of \$100,000 was spent, does not encourage the belief that expenditure on advertising now would be any more productive of results, particularly having regard to the over-riding financial factors already referred to.

IV. There is a strong case for the supply of free X-ray examination by our immigration services in the United Kingdom. This free service was available in the Ontario office until its recent closing, and you will recall that in my telegram No. 1962 of October 14th† regarding the Ontario decision, we were offered the purchase of the X-ray equipment of two machines.

V. It is obviously desirable that there should be a greater degree of co-ordination between the activities of our Labour Department representatives and the Immigration Service in the United Kingdom. These offices could most effectively work in collaboration in the same place, and it is difficult to see, in view of the results indicated in your telegram, how the employment of the present numbers in a separate Department of Labour office is warranted.

4. In general terms, I am of the opinion that we are entering a period in this country when it would be the height of unwisdom for Canada to embark now on a plan to increase emigration involving the opening of new offices and increased personnel and expenditure. It is necessary for those considering these questions to have a full appreciation of the gravity of the existing economic crisis in the United Kingdom. Before the crisis the United Kingdom Treasury was seriously concerned about the dollar drain involved in emigrant remittances to Canada. Now they are still more worried about what is to them equivalent, in effect, to imports from dollar sources. Furthermore, the recent devaluation has placed settlement in Canada beyond the financial reach of many prospective migrants.

5. This is, of course, directly related to the larger question of the expansion of Canadian Government departmental offices in the United Kingdom. I fully share the concern expressed by my predecessor in this matter. The office of one Department can no longer be considered in isolation from the others and there is room for a much greater degree of co-ordination of the activities of the various Departments in London in the interests of efficiency and economy. At the moment, the total personnel of Canadian Government employees in London, excluding those in the offices of the provinces, is approaching the 500 mark. In 1939, only 7 Departments were represented here. We now have 12 departmental offices and also a number of Canadian Government agencies, such as the Canadian Commercial Corporation, Wheat Board, Film Board and R.C.M.P.

6. Referring to my telegram No. 1962 of October 14th† about the communication addressed to me by the Agent General for Ontario concerning the availability in London of office space and equipment as a result of the closing of the Ontario Immigration Office, I should be grateful for instructions as soon as possible as to what reply should be made, as it is necessary for the Ontario authorities to come to an early decision with regard to this matter.

761.

DEA/9349-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, November 30, 1949

Dear Mr. Robertson,

As you know, there have been further evidences recently of friction between the Labour Department and the Immigration Service.

I dare say you have seen a copy of a letter recently sent by Mr. MacKinnon, the United Kingdom Representative of the Labour Department to Mr. Wilgress. In case you have not done so, I enclose a copy.†

We are not anxious to take sides in this unfortunate matter but the theme of this letter does seem a little naive. I doubt that the quality of the Labour counsellors in the United Kingdom is so much different from that of the Immigration Officers that they, and they alone, are able to advise people about openings in Canada and to decide on the suitability of persons from an employability standpoint. Surely if there is a lack of this kind of service among our Immigration people they should repair it, either by training their own people better or by having Labour Department advisers attached to them for the specific duty.

I realize that this is but a part of the wider question of integration of Canadian representation abroad which will sooner or later have to be dealt with as a whole.¹⁹ It occurs to me, however, that something might be done about the situation between these two Departments at this time when the new Department of Citizenship and Immigration is being set up. Perhaps it might be possible for you to give some thought to this question in relation to the definition of the duties of the new Department. I am afraid that unless this constant friction is removed the situation will be no better, and perhaps worse, as the result of the setting up of a new Department. I personally incline to the view that the activities of the Labour Department abroad should be reduced to those ordinarily associated with Labour Attachés.

Yours sincerely,

A.D.P. HEENEY

¹⁹ Dans une note à Heenev, qui provoqua cette lettre, Chance fit le commentaire suivant: In a memorandum to Heenev that prompted this letter, Chance commented as follows:

I have a strong feeling that the activities of the Labour Department abroad should be reduced to those ordinarily associated with Labour Attachés and that this business of entering into the field of another Government Department is completely wrong. I am afraid, however, that situations like this will continue to multiply until the problem of an integrated Foreign Service is faced as a whole. Incidents of this kind are an odd result of having to put the cart before the horse and having established Immigration, Trade and Commerce, and representatives of other Government Departments abroad before we had really done anything at all about a Consular Service. I wonder if we are really prepared to face the issues now and see what can be done about gathering up all these elements into one control before the muddle comes out into public view.

7^e PARTIE/PART 7IMMIGRATION DEPUIS LES ÉTATS-UNIS
IMMIGRATION FROM UNITED STATES

762.

DEA/939-B-40

*Note du directeur de l'immigration
au Comité du Cabinet sur l'immigration**Memorandum from Director of Immigration
to Cabinet Committee on Immigration*

CONFIDENTIAL

[Ottawa], October 26, 1949

IMMIGRATION FROM THE UNITED STATES

With the exception of six years following the depression and three of the war years, immigration from the United States is at its lowest ebb since the turn of the century.

The following statement records the general trend over the past forty-six years:—

Immigration from United States and Overseas

	<i>From U.S.</i>	<i>From Overseas</i>	<i>Total Immigration</i>
1903	49,473	78,891	128,364
1912-13	119,418	263,423	782,841
1919-20	40,728	67,680	108,408
1928-29	30,560	137,163	167,723
1929-30	30,727	132,561	163,288
1931-32	14,297	11,455	25,752
1932-33	13,196	6,586	19,782
1944-45	4,624	10,682	15,306
1945-46	7,454	23,627	31,080
1946-47	11,410	55,580	66,990
1947-48	9,034	70,160	79,194
1948-49	7,306	118,297	125,603
8 months ended Aug. 31, 1949.	5,049	66,926	71,975

It is estimated that 7000 immigrants will settle in Canada during the present calendar year.

With the restrictions that exist in European countries from which Canada has in the past secured a large proportion of desirable immigrants, the obtaining of immigrants from the United States has become an increasingly important factor in Canada's immigration policy. High level employment and present wage scales in the United States tend to decrease the movement of immigrants to Canada and it is recommended that consideration be given to plans for materially increasing immigration from that country.

Several Canadian Immigration Agencies were opened in the United States prior to the First World War and in the early 20's these were increased to fifteen, located as follows:—

Fargo, N.D.	Minneapolis, Minn.	Great Falls, Mont.
Spokane, Wash.	Kansas City, Mo.	Buffalo, N.Y.
Detroit, Mich.	Omaha, Nebr.	Boston, Mass.
Woonsocket, R.I.	Chicago, Ill.	Manchester, N.H.
San Francisco, Cal.		Columbus, Ohio
		Indianapolis, Ind.

During the fiscal year 1929–30, which was a peak year for U.S. immigration, a total of 30,727 immigrants were admitted to Canada from the United States, and of these 13,056 were recruited by Immigration Agents located in the offices listed above. These immigrants brought with them effects valued at over \$12,000,000, plus an unknown amount of cash and other assets which they transferred to Canada. The cost of operating the above offices, including staff salaries, travelling expenses, rent of office space, publicity, etc., was \$270,328.53 for the year 1929–30. All of the above named offices were closed during the early years of the depression.

The Colonization Departments of the two Railways also had representatives in a number of States of the Union. At present they are only operating in Minneapolis. The Colonization officials of the Railways have expressed the view that many excellent settlers can be obtained from the United States if some encouragement is offered by means of judicious advertising and personal solicitation. It is understood that if the Canadian Government is prepared to actively enter the United States field, the Colonization Departments of the two Railways also would increase their activities in that country.

The most suitable locations for immigration agencies would be New York State, Michigan or Illinois and the middle Western States. The approximate cost of operating each office would be \$25,000.00 per annum: this does not include the cost of advertising and literature.

The Department of Mines and Resources recommend that they be authorized to initiate a programme of this sort, commencing with the immediate establishment of not more than four offices.²⁰

A.L. JOLLIFFE

²⁰ Le 28 octobre 1949, le Comité du Cabinet sur la politique de l'immigration remit à plus tard la considération de cette proposition.

On October 28, 1949 the Cabinet Committee on Immigration Policy deferred consideration of this proposal.

8° PARTIE/PART 8

ADMISSION DES ARMÉNIENS, DES LIBANAIS ET DES SYRIENS
ADMISSION OF ARMENIANS, LEBANESE AND SYRIANS

763.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, May 3, 1949

IMMIGRATION; EXCEPTION OF ARMENIANS, LEBANESE AND SYRIANS FROM "ASIATIC RACE" PROHIBITION; INCLUSION IN ADMISSIBLE CLASSES; AMENDMENTS TO REGULATIONS—NEWFOUNDLAND AND CITIZENS OF IRELAND

18. *The Minister of Mines and Resources* submitted three recommendations to Council relating to immigration matters.

Two of these provided respectively for exception of immigrants of Armenian, Lebanese and Syrian origin from Order in Council P.C.2115 of September 16th, 1930, which prohibits admission of immigrants of "Asiatic race", and for inclusion of Armenian, Lebanese and Syrian immigrants in the admissible classes defined by Order in Council P.C.4849 of November 26th, 1947.

The third provided that Newfoundlanders and citizens of Ireland would no longer be subject to the passport regulations established by Order in Council P.C.4851 of November 26th, 1947.

(Minister's recommendations to Council, Apr.28 and Apr.29, 1949).†

19. *The Secretary of State for External Affairs* noted that the recommendation for exception of Armenians, Lebanese and Syrians from the Order in Council prohibiting the admission to Canada of Asiatics might create difficulties in pointing up the position of Turks and Palestinians and might also re-open the question of the status of Indians under the immigration regulations.

20. *Mr. Pearson* pointed out that the only portion of Armenia presently constituted as a state was one of the Soviet Republics within the U.S.S.R. In the circumstances, it might be preferable to avoid any reference to Armenians.

21. *The Prime Minister* suggested that consideration might be given to the establishment in Canada of a quota system for the admission of all immigrants. This would avoid most of the difficulties referred to by the Secretary of State for External Affairs.

22. *The Cabinet*, after considerable further discussion, agreed:

(a) that the two recommendations to Council relating to immigrants of Armenian, Lebanese and Syrian origin be not approved;

(b) that the provisions of the Immigration regulations applicable to European countries, other than the United Kingdom and France, be extended to Syria and Lebanon;²¹ and,

(c) that decision on the recommendation relating to Newfoundlanders and citizens of Ireland be deferred pending further consideration.

764.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, September 29, 1949

...

IMMIGRATION; ADMISSION OF SYRIANS, LEBANESE AND ARMENIANS.

9. *The Minister of Mines and Resources*, referring to discussion at the meeting of May 4th, 1949, reported that renewed representations had been made urging that Syrians, Armenians and Lebanese be exempted from the provisions of Order in Council P.C.2115 of September 16th, 1930, which regulated Asiatic immigration.

An explanatory note had been circulated.

(Minister's memorandum, Sept.27, 1949—Cabinet Document 1064).†

10. *Senator MacKinnon* said that the Syrian, Lebanese and Armenian colonies had been pressing this matter for some time. Their main purpose appeared to be to remove the inference that Syrians, Armenians and Lebanese were Asiatics.

11. *The Cabinet*, after considerable further discussion, agreed that Syrians, Armenians and Lebanese should not be treated as absolutely barred by the provisions of the Asiatic Order (P.C.2115 of September 16th, 1930), it being understood that meritorious individual cases be dealt with by Order in Council; the Minister of Mines and Resources and the Minister of Justice to ascertain whether any further action was required to permit such entry by Order in Council.

765.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, December 22, 1949

...

²¹ Le 4 mai 1949, suivant les conseils du premier ministre, le Cabinet décida:

On May 4, 1949, on the advice of the Prime Minister, the Cabinet decided: to defer any action for admission of particular groups of persons or to change regulations as to admissible categories.... [I]ndividual cases would be dealt with by Order in Council.

IMMIGRATION; SYRIANS AND LEBANESE

55. *Senator MacKinnon* referring to discussion at the meeting of September 29th said that it had been his understanding Cabinet had then agreed, that for purposes of immigration, Syrians and Lebanese would no longer be considered as Asiatics but as Europeans.

It had recently been brought to his attention that, in practice, the Immigration Branch were still treating Syrians and Lebanese as falling under the provisions of the Order in Council relating to Asiatics.

56. *The Cabinet*, after discussion, noted the remarks by Senator MacKinnon on the designation of Syrians and Lebanese as Asiatics and agreed that this question be deferred until the new Department of Citizenship and Immigration had been established and a minister appointed thereto.

CHAPITRE X/CHAPTER X
RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1

CONSULTATIONS ENTRE LES MEMBRES DU COMMONWEALTH
COMMONWEALTH CONSULTATION

766.

DEA/50024-40

Note au secrétaire d'État aux Affaires extérieures
Memorandum to Secretary of State for External Affairs

SECRET

[Ottawa], February 1, 1949

COMMONWEALTH CONSULTATION

You will have seen C.R.O. circular telegram H.2 of January 1† which summarized the position taken by the Commonwealth governments on the proposals on Commonwealth consultation which were made at the meeting of Prime Ministers in London, and in which the United Kingdom suggested an amendment of the London proposals for regular meetings at the Ministerial level on foreign affairs, providing for the substitution for the words "at least once a year and twice a year if possible" the words "once a year or more frequently if occasion requires."

2. This telegram has not yet been answered. We did, however, send a telegram to Mr. Robertson on January 5† stating that it did not appear likely that the amendment now suggested would do anything towards meeting the difficulties felt by the Canadian government, though the matter had not been considered by Ministers. Mr. Robertson informally told officials of the Commonwealth Relations Office that we did not regard their draft amendment as going any substantial distance to meet Canadian criticism of the original paper. They hoped for the record that we were replying to Circular H.2.

3. The governments of Australia, New Zealand and Ceylon have approved the proposed amendment. India, on the other hand, largely followed the line taken by the Canadian government in its reply of November 5. On January 26 the South African government at last circulated its views and comments on the original paper of October 21. A copy of its telegram No. 3 is attached.† It will be noted that it expressed general satisfaction with the existing arrangements for consultation but makes certain specific comments and proposed amendments, particularly with regard to the London recommendations for regular meetings on foreign affairs and on defence consultation. The views of the South African government are clearly very close to our own but it is thought that if their statement as well as ours of November 5 were published, ours would appear to be less cooperative and more negative. This might well expose the Canadian government to unjustified criticism.

4. As you are aware, a considerable amount of attention has been given to this subject in the press during the last few days as a result principally, it seems, of the remark made by Dr. Evatt on his arrival in Perth on January 13 to the effect that "one of the most important decisions" of the October meeting had not yet been announced. Both London dailies and Canadian newspapers have mentioned the proposal to hold a meeting in Ceylon on foreign affairs a few months hence.

5. You will no doubt wish to consider urgently what action should now be taken by the Canadian government in regard to the reply that might be sent to London on the subject of the proposals on Commonwealth consultation.

Alternatives

6. The following alternative courses of action might be considered:

I. A telegram might be sent to the United Kingdom, and repeated to other Commonwealth governments, intimating that the United Kingdom's suggested amendment to the text of the statement does not meet our views.

It might be anticipated that this telegram together with our original reply would have to be published, probably at an early date. Although our previous comments would probably be quite acceptable to the majority of the Canadian people, publication of replies of all governments might have the unfortunate effect of indicating a much more serious split among Commonwealth governments in the matter of consultation than is actually the case.

II. We might draft a new statement on consultation and endeavour to have it accepted by other Commonwealth governments. Since the main public interest in speculation in the press about consultation has been on the proposed meetings of ministers on foreign affairs, and on the subject of defence consultation, our proposed statement might be confined to these points.

It may be seriously doubted whether we would have much success in getting such a statement accepted by other Commonwealth governments in view of the fact that so far all discussion between governments has been on the statement drafted in London and in view of the apparently strong pressure from Australia for the present statement, which includes proposals for consultation on economic matters.

III. We might endeavour to have the statement amended to take account of views expressed in our reply to the United Kingdom and the South African reply. It is felt that this course would be the more practical. If this course is adopted, a telegram might be drafted along the following lines:

(a) We might repeat our reluctance to the publication of the Statement on Consultation on the ground that it would tend to make more rigid and formal the present arrangements, which are working out quite satisfactorily, largely because they are flexible and informal, but we might indicate our assent to publication of an amended statement if other Commonwealth governments feel strongly that such a public statement is desirable.

(b) We might seek amendment of paragraph 2 of the statement along the following lines:

"A meeting on foreign affairs will be held by the Heads of Commonwealth delegations to the General Assembly of the United Nations immediately following

the conclusion of each regular annual session of the Assembly. This arrangement will be subject to review as circumstances warrant. At such meetings the necessity or desirability of further meetings on foreign affairs at the Ministerial level will be discussed."

(c) We might accept the South African amendment for Recommendation 4, paragraphs (a) and (b) as well as their suggested deletion of 5 (b).

(d) We might accept the South African amendment of Recommendation 6, adding a sentence along the lines of Mr. St. Laurent's reservation at London. Below is the South African redraft of paragraph 6. (Deletions are bracketed, additions are underlined.)

"In furtherance of the general aim of cooperation between all peace-loving nations to deter and resist aggression there will be close consultation between Commonwealth Governments to arrange cooperative action in matters of defence (including) *with particular reference* to those matters which arise from a common interest in the security of a particular region. The military advisers of these Governments will consult together to frame proposals and plans for submission to their respective Governments.

"Meetings will be arranged on the Ministerial level as the occasion demands to discuss (defence problems whether general or regional) *specific problems of particular interest to the Governments concerned.*

"In the system of Commonwealth service liaison officers there already exists machinery for the exchange of military information of general interest and Commonwealth Governments will consider how that machinery can be improved to render it fully effective as a means of exchanging information about the progress of the defence plans, whether general or regional, and securing the maximum appropriate degree of defence coordination."

The following sentence to cover Mr. St. Laurent's reservation at London might be added:

"It is, however, recognized that it would be unrealistic to regard as effective either general or regional plans of defence which would comprise Commonwealth countries exclusively, and which did not also include other peace-loving countries prepared to cooperate in resisting aggression."

annexes

Statement as drafted at London.¹

Canadian Government's reply.²

United Kingdom's proposed amendment (telegram of Jan. 1, 1949).†

South African Government's reply.†

¹ Volume 14, pièce jointe au document 856 et renvoi 15, page 1394.

Volume 14, Enclosure to Document 856 and footnote 15, page 1394.

² Volume 14, Document 858.

767.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, February 4, 1949

COMMONWEALTH CONSULTATION; MINISTERS' MEETINGS ON FOREIGN AFFAIRS

1. *The Secretary of State for External Affairs*, referring to discussion at the meeting of January 28th†, observed that the amendment suggested by the U.K. government concerning meetings of Ministers on foreign affairs did not meet the fundamental Canadian objections to the London proposals on Commonwealth consultation.

The governments of Australia, New Zealand and Ceylon had approved the proposed amendment, while India and now South Africa had followed a line similar to that taken by the Canadian government in the communication circulated to Commonwealth governments on November 5th last.

It might help to avoid a public division on this question if some alternative were suggested. For this purpose a draft paragraph had been prepared which would provide for meetings on foreign affairs by the heads of Commonwealth delegations immediately following each regular annual session of the UN Assembly. At such meetings the necessity or desirability of further meetings could be discussed.

(External Affairs memorandum to the Minister, Feb. 1, 1949, and attached documents).†

2. *The Prime Minister* observed that it seemed likely that the Australian and New Zealand governments would continue to press for some centralized machinery with a view to the formulation of a common foreign policy for the nations of the Commonwealth.

Reports from Wellington indicated that some such proposal for the co-ordination of foreign policy with the United Kingdom would be supported by New Zealand. If Canada were to agree to an arrangement such as that suggested by the Minister, it would have to be clearly understood that the proposed meetings of Ministers were solely for the purpose of consultation and exchange of information, not to make decisions and determine joint policies.

(Telegrams 13 and 14, Canadian High Commissioner, Wellington, to External Affairs, Feb. 1, 1949).†

3. *The Cabinet*, after further discussion, agreed that the Secretary of State for External Affairs prepare, for consideration at the next meeting, a draft circular telegram to Commonwealth governments suggesting amendment of the London proposals for meetings on foreign affairs by providing for such meetings immediately following the conclusion of sessions of the U.N. Assembly and for the sole purpose of consultation and exchange of information; the message to emphasize the objections taken by Canada to anything in the nature of centralized Commonwealth machinery for the purpose of concerting policies on external affairs.

768.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, February 17, 1949

COMMONWEALTH CONSULTATION

23. *The Secretary of State for External Affairs* recalled that, at the meeting of February 4th, the Cabinet had agreed that a telegram be prepared for circulation to Commonwealth governments, restating the government's views.

After consultation with the Prime Minister, it was now proposed, as an alternative, that a brief message be sent to all Commonwealth governments to the effect that, as agreement could not be reached on a formula which would be satisfactory to all members of the Commonwealth, the matter be left in abeyance for the time being.

(External Affairs memorandum, Feb. 16, 1949, and attached draft telegram to the Canadian High Commissioner in the United Kingdom).†

24. *The Cabinet*, after discussion, agreed that a message be sent to all Commonwealth governments, as recommended by the Minister, suggesting that, since agreement between all members of the Commonwealth on arrangements for consultation was not now possible, the subject be left in abeyance for the time being and be reconsidered at a later date.

769.

DEA/50024-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni**Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 328

Ottawa, February 18, 1949

SECRET

Commonwealth consultation. Please convey the communication set forth below to the United Kingdom Government. We are giving similar instructions to our High Commissioners in Australia, New Zealand, South Africa and India. Would you also please give copies to the High Commissioners for Pakistan and Ceylon for transmission to their governments. Text begins.

1. The Cabinet has given consideration to C.R.O. Circular Telegram H.2 of January 1† and the telegram of the South African Government of January 26, addressed to London as No. 34† and repeated to the other Commonwealth Governments, on the subject of Commonwealth consultation.

2. The amendment suggested in paragraph 2 of H.2 does not meet the difficulties already expressed by certain Commonwealth Governments. It seems clear that

agreement cannot now be reached in regard to this matter on a formula which will be satisfactory to all members of the Commonwealth. Further efforts at the moment to reach agreement on this subject might create more problems than they solved. The Canadian Government, therefore, feels that the matter might be left in abeyance for the time being, though it could be reconsidered at a later date if desired. In any event we are most anxious that no publicity should be given to it, as it could serve no useful purpose, we think, to underline the differences of view point on this matter within the Commonwealth. As you know, the Canadian Government is quite satisfied with the existing mechanisms of consultation within the Commonwealth. Ends.

770.

DEA/50020-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

SECRET

London, April 6, 1949

Dear Mr. Pearson,

At the last meeting of High Commissioners with the Secretary of State for Commonwealth Relations, Mr. [J.A.] Beasley, the Australian High Commissioner, mentioned that, to his way of thinking, the meetings constituted a kind of Commonwealth Cabinet. I do not know whether this is the Australian Government's concept of these meetings but it is very revealing to discover that it is Mr. Beasley's, who conducts himself as though the meetings were for the purpose of expressing the views of Governments and formulating policy. I therefore think the time is opportune for me to raise with you the whole question of these High Commissioners' meetings, which could be discussed when you are here.

For some time before his departure, I understand, Mr. Robertson was perturbed by the course which the High Commissioners' meetings seemed to be taking, but he was too busy during his last six weeks here to do anything about it. In the course of the last year it appears that the Commonwealth Relations Office has gradually reinstated the practice of regular meetings of High Commissioners, and the two which I have attended, if they are typical, and I am assured that they are, also lead me to believe that it is a matter which we cannot any longer let drift without an examination of all its implications.

In reviewing the correspondence on this matter may I draw your attention first to a letter addressed by Mr. King,³ dated the 22nd March, 1927, to Mr. [L.S.] Amery, then Secretary of State for Dominion Affairs. After the 1926 Imperial Conference, Mr. Amery had proposed regular meetings of the High Commissioners and this proposal was eventually turned down by Mr. King in terms which were so sharp

³ William Lyon Mackenzie King, premier ministre du Canada/Prime Minister of Canada, 1921-1926, 1926-1930, 1935-1948.

that it apparently killed the idea for the next 13 or 14 years. Mr. King's reasons were briefly as follows:

If the Conferences were unofficial, he thought they were unnecessary and should be avoided as liable, sooner or later, to create in the minds of someone an erroneous impression as to the obligations arising therefrom. If they were to be official, to countenance them would be helping to build up in London, in conjunction with the Dominions Secretary, a sort of Commonwealth Cabinet, the members of which would have had from their Governments no instructions of any kind, and with respect to the doings of which their Governments, in the nature of things, would have little or no knowledge.

Secondly, Mr. King believed that these meetings would be a retrograde step and not truly indicative of the new position of equality of the Dominions. He also thought that such meetings would tend to make the High Commissioners more and more representatives of the Secretary of State for the Dominions in communication with their Governments, rather than the representatives of their Governments in communication with the Government of the United Kingdom.

Mr. King then went on to state that the Canadian Government considered that the Canadian High Commissioner should hold a position corresponding in dignity, importance and status to that of the Ambassadors or Ministers who represent foreign states. To hold meetings of this sort, he thought, was not entirely compatible with that status.

You will be familiar with the position regarding High Commissioners' meetings when you were in London during Mr. Massey's⁴ term of office, and the difficulties which, I understand, arose at the beginning of the war when the then Secretary of State endeavoured to organize them. I believe some embarrassment arose as a result of the instructions Mr. Massey received from Ottawa regarding attendance at the meetings. Apparently it was only towards the middle of the war period that Mr. Massey was authorized to attend the daily meetings which were held for the specific purpose of keeping High Commissioners informed of the course of the war, and were discontinued at the end of hostilities. These meetings were purely personal to High Commissioners. Their deputies did not attend the meetings in their absence, and they were not accompanied by any members of their staff. These meetings, like the present meetings, were intended to be of a purely informational character to enable the High Commissioners, at their discretion, to make supplementary reports to their Governments on current problems or subjects under discussion.

After the end of hostilities, occasional meetings were held in order to discuss specific questions. On the 26th February, 1947, Lord Addison⁵ proposed that henceforward he should meet regularly with the Commonwealth High Commissioners at fortnightly intervals. When Mr. Robertson informed you of this you replied, in your telegram No. 341 of the 28th February, 1947, that you would prefer

⁴ Vincent Massey, haut-commissaire au Royaume-Uni/High Commissioner in United Kingdom, 1935-1946.

⁵ Alors secrétaire d'État aux Affaires des dominions.
Then Secretary of State for Dominion Affairs.

a return to the irregular discussions. You stated: "It is felt that great caution should be exercised in this matter and that there should be no developments which would give the impression that a Cabinet of High Commissioners was being established or any unnecessary institutional machinery." Mr. Robertson replied that he had given the substance of your views to Sir Eric Machtig⁶ and added that he thought it very likely that the intention to have regular meetings would break down from natural causes. In spite of this, fairly regular meetings were arranged by Lord Addison during the remaining period of his tenure of office.

When Mr. Noel-Baker took office, he indicated his anxiety to reinstitute regular meetings of High Commissioners. Mr. Robertson wrote about this to you on the 13th November, 1947, pointing out that there would now be new force in the arguments against holding regular meetings, because of the presence of the High Commissioners for Pakistan, India, and shortly, Ceylon. There might have been some justification for the previous meetings from the point of view of exchanging information, but the presence of representatives of the new Dominions would mean that little real information could be given out and discussions would necessarily be somewhat restricted. At the official level in the Commonwealth Relations Office, these meetings have been deplored, and I believe Liesching has always held the same view as Machtig that they are on the whole a waste of time. Nevertheless, the meetings continued, and sometime in March, 1948, it seems to have been agreed that there should be regular meetings every other Friday.

While the reasons produced in 1927 against having the meetings of High Commissioners have not quite the same force today, nevertheless there is still, I believe, a possibility that some of my colleagues and/or the United Kingdom Government may wish to interpret the meetings as constituting some sort of inner Cabinet of the Empire. I have already mentioned Mr. Beasley's point of view on this. Furthermore, the meetings really do add very little indeed to our general knowledge, and the time wasted in them—often up to two or two and half hours—might be more usefully employed in personal talks with the Minister of State, [Christopher] Mayhew, Noel-Baker, Strang, or other top officials, by which channel we could get far more information about United Kingdom policy.

In addition to having little utility value, they tend to become forums for discussion of controversial points and often after some of the more violent discussions, those High Commissioners who have been most vocal have to admit that they are talking only for themselves and do not know what their governments' policies are. To my way of thinking the meetings are actually doing harm by the exacerbation of personal relationships, due largely to the personalities of the Australian, Indian and Ceylonese High Commissioners. At the last meeting, for example, Mr. Beasley launched into an extremely ill-mannered attack on Sir Percivale Liesching for the way in which the negotiations for the sending of emissaries to the Commonwealth capitals had been done directly between Prime Ministers. He resented not being kept informed and accused Liesching of not being a gentleman for having failed to keep him in the picture. This, as you can imagine, led to a rather wild and unhappy

⁶ Alors sous-secrétaire d'État permanent aux Affaires des dominions.
Then Permanent Under-Secretary of State for Dominion Affairs.

controversy. His attack on a Civil Servant obviously stemmed from the belief that as a member of the "Commonwealth Cabinet" he had as much right to criticize a United Kingdom Civil Servant as Mr. Noel-Baker. On other occasions, and notably with regard to Indonesia, the quarrels have been of no value as regards determining the policies of the various Commonwealth governments, but have only created bad feelings.

The one really useful reason I can think of for continuing the meetings is that it does give us an opportunity to find out the special approach to world problems of the new Dominions. On many occasions the Indian, Pakistan or Ceylonese High Commissioners have produced refreshing light on some international development, which, for my part, at any rate, I would not have thought of. Since our contacts with these three Dominions are not very close, there is perhaps something to be said for the opportunity which these meetings afford us of finding out their points of view.

You will, I am sure, appreciate that a very real question arises as to whether these meetings of High Commissioners serve a useful purpose and should continue to receive our support. I look forward to discussing the whole question with you during your visit to London.

Yours sincerely,
L.D. WILGRESS

771.

DEA/50020-40

*Le sous-secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Under-Secretary of State for External Affairs
to High Commissioner in United Kingdom*

SECRET

Ottawa, September 14, 1949

Dear Mr. Wilgress:

On April 6 you wrote to the Minister about the practice of holding meetings of the High Commissioners in London with the Commonwealth Relations Secretary and other United Kingdom cabinet ministers. You will understand the reasons why it was not possible to give final consideration to the matter at the time.

While the Canadian Government has from time to time had some misgivings about these meetings, it does not seem advisable for us to stay out of the arrangement if the other countries concerned are anxious to continue it. Mr. Beasley's view that the meetings constitute a kind of Commonwealth Cabinet is, of course, completely incompatible with the first principles of responsible government. The Canadian Government's hesitations concerning such meetings were based largely on the probability that they would give rise to misconceptions of this kind.

The Minister considers that, if a suitable opportunity arises, you should refer to the impression prevailing in certain quarters that these meetings constitute a kind of Commonwealth Cabinet. You should then make it clear that the Canadian Govern-

ment has participated in them on the understanding that nothing of the kind was contemplated.

Yours sincerely,
A.D.P. HEENEY

2^e PARTIE/PART 2

STATUT DE L'INDE AU SEIN DU COMMONWEALTH
STATUS OF INDIA IN COMMONWEALTH

772.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 81

London, January 11, 1949

TOP SECRET

Our telegram No. 2239, December 16th, 1948,⁷ relations between India and the Commonwealth. We asked the Commonwealth Relations Office today for information regarding developments since Mr. Attlee sent the telegram on December 15th to Nehru.

2. There has been no reply from Nehru. In the course of conversations between the Commonwealth Relations Office and [V.K. Krishna] Menon (High Commissioner for India in London) the Commonwealth Relations Office reminded Menon that there has been no reply from Nehru. Menon showed no disposition to press Nehru for a reply and the United Kingdom Government does not feel that it would be wise for the United Kingdom to press Nehru. However, the long delay in getting a reply from Nehru does not bode well for a favourable reply.

3. Menon, speaking only for himself, hinted that it must be membership in the Commonwealth or nothing. He did not think that India would like the idea of an association with the Commonwealth which did not constitute membership.

4. Menon put forward, as his own personal suggestion, the idea that a link with the Crown would be implied if provisions for Commonwealth citizenship were inserted in the Indian Constitution. The Commonwealth Relations Office does not think much of this argument.

5. The United Kingdom High Commissioner in India has no special instructions to remind Nehru that Mr. Attlee is waiting for a reply to the message of December 15th.⁸ However, as Kearney said in his telegram to you of December 31st,[†] Nye

⁷ Volume 14, Document 883.

⁸ Texte cité au volume 14, document 883.

Text quoted in Volume 14, Document 883.

expects to see Nehru this month and no doubt he will take the opportunity to discuss the whole question.

6. The Commonwealth Relations Office is not happy about Nehru's delay in replying but feels that to press him for a reply might prejudice the chances of getting a reply that offered any possibilities for agreement.

7. The Commonwealth Relations Office thinks that there is a possibility that the Constituent Assembly may adjourn in January and February for some weeks before adopting the draft constitution.

8. I shall, of course, continue to keep in touch with the Commonwealth Relations Office on this subject. Ends.

773.

DEA/50017-40

*Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in India
to Secretary of State for External Affairs*

DESPATCH NO. 28

New Delhi, January 13, 1949

TOP SECRET

Sir,

I have the honour to refer to my telegram No. 7 of January 13th,[†] relative to India and the Commonwealth. I wish also to acknowledge receipt of your despatch No. 795 of December 22nd,[†] containing a departmental memorandum of December 17th⁹ and two telegrams Nos. 2238¹⁰ and 2239¹¹ both of December 16th which you sent to London, and to which you refer in paragraph 2 of your telegram No. 5 to me.[†] Before dealing specifically with my last telegram No. 7, it would perhaps be appropriate for me to review the situation as I see it, and make a few comments on previous correspondence.

2. The discussions regarding an appropriate formula under which India might join the commonwealth, have apparently been carried on among five countries, the United Kingdom, Canada, Australia, New Zealand and India. If other commonwealth countries have entered the discussion the fact does not appear from our file. In this office, we understand that the United Kingdom Government is speaking in the name of the four older commonwealth countries. We presume the views of these four countries are pooled in London at least to the extent required to make the United Kingdom representative spokesman. Since the return to India of Mr. Nehru, negotiations between the United Kingdom (as spokesman for the four) and India have been carried on partly through the Prime Minister, Mr. Attlee, and the Indian High Commissioner in London, and partly through instructions which Sir Archi-

⁹ Volume 14, Document 884.

¹⁰ Volume 14, Document 882.

¹¹ Volume 14, Document 883.

bald Nye, the United Kingdom High Commissioner in Delhi, receives from the United Kingdom Commonwealth office, and which he is expected to transmit to Mr. Nehru.

3. From the negotiations so far carried on, two aspects of Indian Commonwealth Relations seem to have been substantially agreed upon. One is that there should be a commonwealth citizenship; the other is that there should be a common declaration of membership in the commonwealth. As far as I have seen, the terms of this declaration are nowhere formulated, nor is it certain whether it should be in the form of an executive pronouncement or of legislation, or simply by an agreed-upon informal statement to be simultaneously released to the press by the respective commonwealth countries concerned. All agree that these two things would contribute to ensuring universal acceptance of the commonwealth as a legal and political entity, but the four senior commonwealth countries think they do not go far enough, and India has not declared her opinion that they do go far enough for the purpose just mentioned.

4. As to commonwealth citizenship, there apparently will be little difficulty in effecting appropriate legislation as far as domestic law is concerned, but there is much anxiety that the resultant situation may not be regarded as valid internationally as justifying Imperial preferences, and that this fact might have the effect of complicating and disturbing commercial relations which presently exist between commonwealth and other countries. Moreover, particularly from the Canadian and Australian point of view, and the same would be true of South Africa, because of their immigration policies, commonwealth citizenship is regarded at best, as a makeweight on which very little reliance can be placed. It is chiefly these anxieties which induce the four senior commonwealth countries to regard the two points cited in the preceding paragraphs as inadequate to insure the commonwealth being willing to regard India as an associate member. These four countries are, therefore, urging that some further link be retained and that this link should be the crown. The crux of the situation seems to be the nature and strength of the link with the crown, dependent upon which, India will be regarded either as a full member or associate member of the commonwealth. It seems abundantly clear that India wishes if possible, to remain a full member of the commonwealth, but if circumstances make this impossible we do not know whether India would wish to remain in the commonwealth as an associate member. The four older commonwealth countries appear willing to admit India as an associate member.

5. Until my interview with Sir. Archibald Nye on January 11, referred to in my telegram No. 7, I was led from the trend of the discussions so far held to believe that the United Kingdom was prepared to look upon India as being qualified for full membership in the commonwealth if, apart from a declaration of intention to remain in the commonwealth and the adoption of a commonwealth citizenship act, India was prepared to accept a link with the crown by the means of the king delegating his powers of accreditation to the president of the Indian republic. But in my recent interview with Sir Archibald Nye, I learned that Mr. Attlee had informed Mr. Krishna Menon that from the constitutional point of view it was doubtful if the king had the legal right to delegate his powers of accreditation to the president of a republic, regarding whom he had no power of choice or means of control, and Mr.

Attlee made mention of the necessity for what he called a real link, i.e., allegiance. What prompted Mr. Attlee to adopt a change of front, I do not know. Neither do I know whether this was done with or without prior consultation with you. Sir Archibald Nye does not know whether the reason given for this change of front, i.e., constitutional doubt, is to be taken literally or whether it may be for the tactical purpose of having Mr. Nehru become apprehensive that the link with the crown through delegation of accreditation is slipping away from him, and that he will stop dallying and propose this latter link himself.

6. I shall here interrupt my trend of thought to make a few observations on your telegram No. 5 of January 5th, and particularly your following observations in paragraph 4 thereof: "Furthermore, the views expressed at the Jaipur Conference¹² seem to indicate that there will be little hope of India remaining a full member of the commonwealth." I may be wrong, but I think your above observation would seem to indicate that in your opinion something happened at the Jaipur Conference which lessened the likelihood of Mr. Nehru accepting a link with the crown through delegation of accreditation, but I do not think this to be the case. As far as I can learn Mr. Nehru did not discuss at the Jaipur conference details of how membership in the commonwealth could be worked out, but contented himself with discussing a matter of broad principle, i.e., should India be in the commonwealth or not, and as a result it was agreed that India should remain in the commonwealth. I do not think any restriction was placed on Mr. Nehru as to method or means by which India might become or remain a member. I think this is significant because the suggestion of a link with the crown through delegation of accreditation had been bandied about in the press and elsewhere for months before the Jaipur Conference and the fact that nobody raised an objection at the Jaipur Conference to this suggestion would lead me to infer that Mr. Nehru, if he thought it necessary, could without offending the Congress agree to this link.

7. The situation at the moment seems to be that Mr. Nehru desires that India should be a full member of the commonwealth on terms which would be least embarrassing to him politically. Following this line of thought, Mr. Nehru I think, would prefer to have no link with the crown, but this in my opinion, does not mean

¹² Une résolution fut adoptée le 18 décembre 1948 à la session de Jaipur du parti du Congrès de l'Inde, à l'effet qu'il fallait modifier l'association de l'Inde avec le Royaume-Uni et les autres membres du commonwealth afin de tenir compte de «complete independence [de l'Inde] and the establishment of a Republic of India.» Cependant, on affirmait dans la résolution que «the Congress would welcome her free association with independent nations of the Commonwealth for their common welfare and the promotion of world peace.» Cette résolution donna à Nehru une certaine latitude dans les négociations sur les relations de l'Inde avec les autres membres du Commonwealth, laquelle avait été absente des engagements antérieurs du parti sur la question constitutionnelle.

The Jaipur Session of the Congress Party of India passed a resolution on December 18, 1948, which noted the necessity for change in India's association with the United Kingdom and the Commonwealth to take account of India's "complete independence and the establishment of a Republic of India." However, the resolution went on to affirm that "the Congress would welcome her free association with independent nations of the Commonwealth for their common welfare and the promotion of world peace." This resolution gave Nehru some latitude in negotiations on India's relationship with the rest of the Commonwealth which had been absent from previous party commitments on the constitutional question.

that if a link with the crown through delegation of accreditation provided full membership for India, Mr. Nehru would not agree to it. I believe that if Mr. Nehru agreed to the link through delegation of accreditation there would be political repercussions in India, but I am disposed to think that they would come far less from within the Congress Party than from those outside it. The Socialists who have broken away from the Congress party have taken the stand that India should not remain in the commonwealth, (see my despatch No. 16, January 14th [sic]),† but it does not follow that even Socialists would single out for criticism the link with the crown, and although they might very well do so, I think their criticism would be directed against the principle of India being a member of the commonwealth, rather than the means by which she was made a member. I do not wish to convey the impression that I am sure that Mr. Nehru would accept the above referred to link, but simply that I am more optimistic on the subject than you appear to be.

8. You will doubtless recall that in my telegram No. 4 of January 7th,† I asked you if in your opinion and that of the other commonwealth countries, India would be entitled to full membership in the commonwealth, if she accepted the link through delegation of accreditation, because if this is answered in the affirmative, in my opinion, Mr. Nehru would likely accept it. On the other hand, if my question is answered in the negative, and there are to be two classes of membership, I think Mr. Nehru would not only reject the aforesaid link with the crown, but he might very well decline any second rate membership on behalf of India.

9. I think Sir Archibald Nye is as much puzzled as I am by what I have referred to as Mr. Attlee's change of front, and I sincerely trust that the doubt about the king's constitutional right to delegate his powers of accreditation to the president of a republic is more simulated than real. I hope Mr. Attlee has brought forward the constitutional doubt to make Mr. Nehru rise to the bait which had been previously held out to him of a link with the crown through delegation of accreditation. I realize that prerogative is essentially the power which is appropriate to the king as opposed to his subjects, and that it has been frequently held that the courts have the power and duty to decide in any case of delegated legislative power, the question whether there is legal authority for the delegation. But are we dealing with a case of legislative power? I will be surprised if there exists a case which could be looked upon as a precedent with regard to the proposed delegation by the king of his power of accreditation to the president of a republic. It might be argued, it seems to me, that the proposed delegation of some of his prerogatives by the king might be justified on the grounds of being the only means of insuring India's adherence to the Commonwealth and that such adherence is conducive to national security. Although I have not looked into this question deeply, it would appear to me that the king, who can do no wrong, could, especially with the concurrence of Parliament, delegate his powers of accreditation in the manner proposed. Who in any case is likely to challenge his right to do so?

10. I fear that the United Kingdom attitude with regard to India and the commonwealth is becoming far too legalistic and too little realistic. It occurs to me too, that the United Kingdom Government in this matter may not be immune to the trend of weighing matters in the light of the next general election. It is conceivable, I suppose, that if Mr. Attlee agrees that the link with the crown through delegation of

accreditation is sufficient to admit India to full membership in the commonwealth, he may fear this will give Mr. [Winston] Churchill a stick to beat him with at the next election. Mr. Attlee's purpose in suggesting that India should have a link with the crown through allegiance to the king is, to my mind, so far removed from the realm of practical politics in India, that it can hardly be taken seriously. One thing certain amid so many uncertainties is that India is determinedly republican in spirit. An essential feature of republicanism as the Indians understand it, is that the individual citizen is subject to no person. To ask Indians to accept allegiance to any man is bad enough, and it becomes far worse when that man happens also to be the King of Great Britain. It must likewise be remembered that under a recent resolution of the Constituent Assembly, Mr. Nehru has also an election to face "as early as possible in 1950".

11. Father de Souza, a member of the Constituent Assembly to whom I have had occasion to refer in previous despatches, told me something recently which he described as "super secret", i.e., that although in his opinion the Indian cabinet would accept a link with the crown through the delegation of accreditation, it detected a regrettable note of coldness in some of Mr. Attlee's recent communications which did not augur well for future Indian relations with the commonwealth.

12. Before my recent conference with Sir Archibald Nye, while discussing other matters with Mr. K.P.S. Menon, Foreign Secretary in the Ministry of External Affairs and Commonwealth Relations, the question of India and the commonwealth, and particularly the link with the crown came up. At that time, with reason I believe, I thought that the link through delegation of accreditation was a desideratum. I mentioned to Mr. Menon that as there would be a lapse of several months before the Constituent Assembly sitting on constitutional matters reconvened, it might be a good move for the king to delegate his powers of accreditation to the present governor-general, and to accompany this with a declaration to the effect that these powers might be further delegated to the head of the Indian republic, if India decided that she desired to be a member of the commonwealth. If this were done, it would act as a feather in the wind, and might permit India to ease herself into the commonwealth by degrees. If there were any serious political objection, it would make itself known both in India and England and this could be weighed before any final step were taken. I was surprised to learn when I later spoke to Sir Archibald Nye that Mr. Krishna Menon who like Sir Girja Bajpai seems personally in favour of a link with the crown through delegation of accreditation, had already made an almost identical suggestion.

13. If we assume for the sake of argument that a link with the crown through allegiance or delegation of accreditation is unfeasible, perhaps as an additional makeweight, it might be worth while to go back to a suggestion which came from the Indian side and which seems to have been lost sight of, i.e., to include in the declaration of intention to be a member of the commonwealth, a statement that the king is the "symbol of association of members of the commonwealth" or if possible some stronger phrase. Added to a declaration of intention to remain in the commonwealth and a commonwealth citizenship act, might it not be regarded as sufficient at least as a basis for India becoming what is called an associated member, provided India as a last resort is interested in such a type of membership? I entirely

agree with you that insofar as Canada is concerned, commonwealth citizenship carries little weight.

14. I will not harass you further with other permutations and combinations which could arise in connection with the problems at hand. I am sorry that this despatch is already too long drawn out, and I will leave, at least for the time being, observations on the significance of Imperial preferences, particularly in the light of the debate in the House of Lords on Ireland and the Commonwealth. I think too that the meaning of the terms "full" and "associate" membership may merit further comment.

15. I hope that before Mr. Nehru asks to see Sir Archibald Nye, the latter will receive from his government additional explanations and further information concerning what I have called the "change of front". Also that he will know whether he might tell Mr. Nehru that a link with the crown through delegation of accreditation, together with a declaration of intention to remain in the commonwealth and the enactment of a commonwealth citizenship act, will be sufficient to constitute a basis for full membership in the commonwealth insofar as India is concerned. If Sir Archibald were called in to see Mr. Nehru tomorrow, I fear he would be at a great disadvantage, and I am happy to think that Mr. Nehru will not ask to see him until at least some weeks hence. I have been thinking of suggesting to Sir Archibald that he should ask his government to recall him for consultation, as the intricate problems involved warrant personal contact rather than long range communication. Sir Archibald asked me to think over the new developments which he told me about, particularly with regard to the "doubt" concerning the king's power to delegate some of his prerogatives, following which he suggested that we should have a further discussion. In this connection, I will, of course, keep you advised.

I have, etc.

JOHN D. KEARNEY

774.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim au Royaume-Uni*

*Secretary of State for External Affairs
to Acting High Commissioner in United Kingdom*

TELEGRAM 164

Ottawa, January 22, 1949

TOP SECRET

India and the Commonwealth. Your telegram No. 81 of January 11 and Kearney's telegram No. 7 of January 13,† repeated to you as No. 2.

2. You will have noted from Kearney's telegram that the United Kingdom authorities may have some doubt whether the King could constitutionally delegate his powers of accreditation to the president of a republic, but that Kearney is uncertain whether the point is being raised for tactical purposes only or whether it is of a fundamental nature. I should be grateful if you could by informal enquiries obtain some clarification of this matter.

3. The Legal Adviser of the Department is surprised to learn that it may be beyond the imagination of the United Kingdom legal advisors to find or create a constitutional basis for a delegation of royal prerogative powers to the President of India. He is inclined to think that, if the King were prepared to delegate and the President prepared to receive these powers, and the Government of India thought this to be desirable, ways and means could readily be found.

4. This telegram is being repeated to New Delhi.

775.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 236

London, January 26, 1949

TOP SECRET

Top Secret and Personal. Following for Pearson from Robertson, Begins: Reference your telegram No. 164 of January 21st† and Kearney's despatch No. 28 of January 13th:

1. I am given to understand that the reason why the suggestion that the King might delegate his prerogative power of accreditation to the President of the Indian Republic has been allowed to recede into the background of current thinking about possible forms and symbols of Commonwealth association is that the King himself was not at all receptive to the idea. I am not likely to get any confirmation or elaboration of this information, but I am satisfied that it is true. The "constitutional doubts" attributed to the United Kingdom Government are presumably meant to protect what is believed to be the King's own position and interest in the matter.

2. I do not think this very delicate aspect of the question should even be hinted at in India, but I think Kearney could be told that my enquiries in London satisfy me that there are no grounds for assuming that the United Kingdom is any less interested than it had been in trying to devise some mutually and generally agreeable basis of association which would enable India to remain within the Commonwealth.

3. For your own information and that of the Prime Minister, I will say responsible opinion here attaches so much importance to the preservation, if at all possible, of Indian membership in the Commonwealth that very serious thought is now being given to the possibility of proposing to the other members of the Commonwealth some new basis of association in which recognition and use of the Crown would not be a necessary symbol of Commonwealth membership. The political and international implications of such a conception of the development of the Commonwealth need no underlining. What should be appreciated, however, is that if proposals such as these are to be put up to the Commonwealth Prime Ministers for their consideration, this would presumably have to be done before the resumption

of the Indian Constitutional Congress in August; otherwise it could not accomplish its primary purpose. It is therefore a possibility to be kept in mind in making general plans that Mr. Attlee may feel he has to suggest a special consultation of Commonwealth Prime Ministers on this question, perhaps in July. Ends.

776.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 222

Ottawa, January 30, 1949

TOP SECRET

Following for Robertson from Pearson, Begins: Your telegram No. 236, India's association with the Commonwealth.

I should have told you before that when I saw His Majesty in London in December, he indicated that he had considerable personal uneasiness and some constitutional doubt about the suggestion that his prerogative power of accreditation might be transferred to the President of the Indian Republic as such. Tommy Lascelles¹³ will be able to give you the background on this.

2. We will certainly need time to consider very carefully any proposals along the lines indicated in Paragraph 3 of your telegram, the political and international implications of which are, of course, very important.

777.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde*

*Secretary of State for External Affairs
to High Commissioner in India*

DESPATCH 163

Ottawa, February 17, 1949

TOP SECRET

Sir,

I have the honour to acknowledge your despatch No. 28 of January 13 regarding India's relationship with the Commonwealth. Your thoughtful analysis has been both interesting and valuable to us.

2. Mr. Robertson, to whom you sent a copy of your despatch direct from New Delhi has commented on it as well as on our telegram of January 21,† which was

¹³ Le secrétaire privé du roi George VI.
Private Secretary to King George VI.

repeated to you as No. 18. Mr. Robertson is satisfied that the United Kingdom Government has a good reason for the "constitutional doubt" regarding the proposal that the King might delegate his prerogative power of accreditation to the future president of the Indian republic. His enquiries have led him to believe that there are no grounds for assuming that the United Kingdom authorities are any less interested than they have been in trying to devise some mutual and generally agreeable basis of association, which would enable India to remain within the Commonwealth. I think that this is all that we can say on this point at present, though it is obviously a matter of very great importance.

3. One or two observations should perhaps be made on paragraph 2 of your despatch under reference. As far as we are aware, the only members of the Commonwealth which have been brought in to the discussions on the future relationship of India with the Commonwealth, apart from the United Kingdom, are Canada, Australia, and New Zealand, as well naturally as India itself. It may be, however, that the United Kingdom Government has been in touch with the other members of the Commonwealth, South Africa, Pakistan and Ceylon. However, we do not know whether the United Kingdom Government has consulted them or even passed any confidential information to them, nor do we know whether they have expressed any views on the subject.

4. As you will recall, the United Kingdom Cabinet Ministers, who were in Paris in the middle of November for the discussion on the position of Ireland, took advantage of their meetings with other Commonwealth Ministers, who were attending the United Nations Assembly, to report on developments with regard to the relationship of India to the Commonwealth. At the second of the two meetings held in Paris on November 17, Sir Girja Bajpai was present and views were expressed on Pandit Nehru's "Ten Points" by Dr. Evatt and Mr. Fraser. I supported the views of the others as to the desirability of India remaining in the Commonwealth and I underlined to Bajpai the fact that our suggestions to him were made on an informal and entirely non-committal basis, at least as far as Canada was concerned, and did not mean that any concerted policy or approach had been worked out by our governments for presentation to the Government of India. I discussed the subject further in London on December 15 at a meeting which Mr. Attlee called at No. 10 Downing Street, at which Dr. Evatt and Mr. Fraser were also present. As you are aware from the text of my two telegrams from London to Ottawa, namely 2238 and 2239 of December 16, a telegram was drafted at this meeting which Mr. Attlee sent to Pandit Nehru in which he indicated that he had discussed the subject with Dr. Evatt, Mr. Fraser and myself and that the message represented the views of the three of us, as well as Mr. Attlee himself. It was added that Pandit Nehru would realize that Dr. Evatt, Mr. Fraser and myself had not had an opportunity of consulting our governments.

5. It will be noted from this recital of events that Mr. Attlee acted as a kind of spokesman only in the one instance of the telegram drawn up at our meeting on December 15. We do not know the nature of any subsequent messages that may have passed between London and New Delhi on this subject and any United Kingdom telegrams will not have had the concurrence of the Canadian Government. I think that it is important not to give the impression that the United Kingdom in this

matter is acting as the spokesman for a group of Commonwealth countries. While we may be quite prepared to let the United Kingdom take the initiative in a subject of this kind, we reserve our own position as to whether any arrangement that the United Kingdom may work out directly with India will be acceptable to us as a basis for India's full membership with the Commonwealth or, alternatively, its relationship with the Commonwealth through some form of association. In accordance with the established practice, we would expect the United Kingdom to keep us fully advised regarding any new developments in negotiations and to consult us before making definite proposals to the Indian Government.

6. We were glad to have your interpretation of the developments which took place at the Jaipur Conference. As you know, the resolution adopted on foreign policy contained the following paragraph on India's relationship with the Commonwealth:

"In view of the attainment of complete independence and the establishment of the Republic of India, which will symbolize that independence and give to India the status among the nations of the world that is her rightful due, *her present association with the United Kingdom and the Commonwealth of Nations will necessarily have to change*. India, however, desires to maintain all such links with other countries as do not come in the way of her freedom of action and independence, and the Congress would welcome her free association with the independent nations of the Commonwealth for their common weal and for the promotion of world peace."

The President of the Conference in his address on December 18 made the following remarks on this subject:

"The question had arisen whether it was possible and desirable for the future free Indian republic to have *some relationship* with the United Kingdom and other countries associated with her. *This relationship could not be that of a Dominion*. It could only be an association of free and independent countries, agreeing to have certain reciprocal relations which did not limit in any way their freedom in regard to domestic or international policy."

7. I think you will agree that these statements are both expressed in vague and general terms which lend themselves to varying interpretations. We had considered that together they indicated a coolness-towards the Commonwealth connection but are happy to learn that you do not feel that this is necessarily the case.

8. A copy of this despatch is being sent to the High Commissioner in London.

I have, etc.

ESCOTT REID
for the Secretary of State
for External Affairs

778.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 436

London, February 24, 1949

TOP SECRET

Following for Pearson from Robertson, Begins: Reference your telegram No. 222 of January 30th.

1. United Kingdom Government consideration of questions referred to in telegram under reference has now reached the stage at which the Prime Minister may very shortly expect to receive through Clutterbuck an indication of the way these problems are looked at in London, plus a request for our preliminary views. They feel that these questions can only be dealt with by a meeting of Prime Ministers, which they hope can be held in May.

2. They are planning to send out four special emissaries: Norman Brook to Ottawa; Liesching to South Africa; Gordon Walker¹⁴ to Pakistan, Ceylon and India; and Listowel¹⁵ to Australia and New Zealand. Their job will be to explain to other Commonwealth Governments, in advance of a Prime Ministers' meeting, how the United Kingdom Cabinet see the Commonwealth problems which will arise on India's determination to proclaim a sovereign independent Republic. Brook, I believe, is planning to leave by air for Canada on March 9th or 10th so that his visit probably provides another reason for my trying to sail on the 2nd instead of the 16th. Ends.

779.

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Le premier ministre du Royaume-Uni au premier ministre

Prime Minister of United Kingdom to Prime Minister

TOP SECRET

[London], February 25, 1949

PERSONAL MESSAGE FOR MR. ST. LAURENT FROM MR. ATTLEE,
DATED 25TH FEBRUARY, 1949¹⁶

Since I discussed the question of India's future relations with the Commonwealth with Mr. Pearson on the 15th December last, I and my colleagues have been giving a good deal of time and attention to the question whether India might be associated with the Commonwealth in some way which would fall short of full

¹⁴ Patrick Gordon Walker, M.P., sous-secrétaire parlementaire aux relations du Commonwealth/Parliamentary Under-Secretary for Commonwealth Relations.

¹⁵ Lord Listowel, ministre d'État aux colonies/Minister of State for the Colonies.

¹⁶ Includ avec Clutterbuck à St-Laurent, le 25 février 1949. †
Enclosed with Clutterbuck to St. Laurent, February 25, 1949. †

membership. We have reached the conclusion that there would be very substantial difficulties in this conception. Moreover, apart from the inherent difficulties, we have been informed by the Indian High Commissioner that the Indian Government wish to be either full members of the Commonwealth or to be outside it. They would not contemplate accepting an intermediate position. Meanwhile the Government of India have made public in India their desire to retain the Commonwealth association and have secured political backing for this policy. A resolution passed at the meeting of the Indian Congress Party on 16th December stated that the "Congress would welcome India's free association with independent nations of the Commonwealth for their common weal and the promotion of world peace".

2. The position therefore is that we shall before long be confronted with a situation in which either India must cease to be a member of the Commonwealth or the existing basis of the Commonwealth association must be so modified that a country can be "a Sovereign Democratic Republic", not owing allegiance to the Crown, and yet remain within the Commonwealth.

3. The Indian Constituent Assembly is expected to pass the new Indian Constitution in June or July and we understand that it is at present intended to bring it into operation on the 15th August. We think it most unlikely that the Government of India would be willing to postpone this programme. On 15th August, therefore, the Crown will cease to have any place in the Indian Constitution and Indians will cease legally to owe allegiance to the King. I think you will agree that before that date we ought to do our utmost to reach an agreed view on India's position in relation to the Commonwealth. Indeed it would be desirable to reach a decision before the Indian Constitution is finally enacted and I should think that the 1st June would probably be the latest date up to which it would be possible to defer making some authoritative public statement on this subject.

4. The problem thus presented is one of intense difficulty and raises far-reaching and fundamental issues, of concern to all members of the Commonwealth. It can only be resolved by the Commonwealth countries in consultation. I do not feel, and I am sure you will agree, that we could get a real meeting of minds on so complex a problem by an exchange of long-distance communications. A crucial decision on our Commonwealth relationship is involved and I feel that, so far as this country is concerned, our people would expect a well-considered and deliberate decision, after direct personal consultation.

5. In spite of the difficulties, therefore, I feel bound to suggest that we should have a meeting of Prime Ministers, to which I propose that Pandit Nehru should be invited, though I should indicate to him that, in the circumstances, we might desire to hold some meetings at which he would not be present. I much regret that this matter was not ripe for consideration in October. In the light of such information as is available to me about Parliamentary sessions in the various Commonwealth countries, the second half of April or the first half of May seems likely to be the time when a meeting can be held with the least general inconvenience. I do not think that such a meeting need last for more than a week, if the preparatory arrangements which I suggest below are acceptable to you.

6. The question, whether the existing basis of the Commonwealth relationship can or should be modified in such a way as to admit that allegiance to the Crown is no longer an essential qualification for membership, plainly raises the widest issues. We have considered the matter in considerable detail. I think that it might be helpful to other Commonwealth Prime Ministers if I were to send personal emissaries to Commonwealth countries who, with a close knowledge of the course of our deliberations here during recent weeks, could explain on my behalf the various considerations which have presented themselves to us and the way in which our own thoughts on the subject have so far developed. If, as I hope, you would find this proposal acceptable, I should like to send to Canada Sir Norman Brook, Secretary of the Cabinet, who would leave this country by air on or about 6th March.

7. I hope that, on considering the situation which I have described, you may be able to tell me that you share my view that it calls for a Prime Ministers' meeting in the latter part of April or beginning of May. I shall, however, quite understand it if you say that you would prefer to reserve your final opinion on this until you have discussed the position with Sir Norman Brook. In view, however, of the short time available, it would help me to have a provisional reply as to whether you could come to a meeting in London between those dates, and as to what precise dates would be most convenient to you, and if you would endeavour to keep yourself free so far as possible to come to a meeting, if it should be the general view that a meeting is desirable.

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Note du ministère des Affaires extérieures
Memorandum by Department of External Affairs

TOP SECRET

[Ottawa], March 3, 1949

INDIA AND THE COMMONWEALTH
 A PRELIMINARY SURVEY

The Draft Constitution provides in its preamble for a declaration that India is a "sovereign democratic republic". It commences with the classic words, "We, the people of India..." It is thus quite clear that India is to be a republic and that sovereignty will reside in the Indian people. This aim was set forth as early as January 1947 in the so-called Objectives Resolution of the Constituent Assembly.

2. The Constituent Assembly as such is now adjourned until May 16. So far it has disposed of only some 70 of the 315 articles of the Draft Constitution. A consideration of the preamble has been deliberately postponed as a discussion of the phrase "sovereign democratic republic" must inevitably raise the question of the relationship between this republic and the Commonwealth. In fact the published Draft Constitution has the following footnote on this description of the Indian state:

"This follows the decision taken by the Constituent Assembly. The question of the relationship between this Democratic Republic and the British Commonwealth of Nations remains to be decided subsequently."

Mr. Robertson, in his telegram No. 248 of January 27,† indicates that he expects the new constitution to come into force in August.

3. There seem to be four possible forms that India's relationship with the Commonwealth might take:

(1) Full membership with the other members in the Commonwealth, with a definite equality of status and the use of the same formal constitutional links and symbols.

(2) Some kind of associate membership based on some form of association less binding in the legal, constitutional and formal sense than that of the full members.

(3) A special relationship such as that which will exist between Ireland and the Commonwealth after the Republic of Ireland Act comes into force.

(4) The normal relationship between foreign states, as known in international law, with some kind of treaty relationship between India and at least the United Kingdom, if not also some other members of the Commonwealth as well.

4. The basis of the Commonwealth relationship can be considered under the following headings:

(a) Constitutional link with the Crown.

(b) Common status of Commonwealth citizenship.

(c) Special relationship on the Irish model.

These three headings leave aside the practical or functional aspects of Commonwealth relationship by way of consultation on defence and foreign affairs, as well as economic and financial cooperation of various kinds. These are the material aspects of the Commonwealth connection but do not concern primarily its form or basis.

(a) Constitutional link with the Crown

5. While it is clear that India has every intention of having a constitution which is of the republican kind, at least insofar as its internal form of government is concerned, it has been thought that the Constituent Assembly might be persuaded to retain some link or connection with the Crown, at least for external purposes. This might, of course, not be very different from what has been known as "external association" to describe the position of Ireland under the External Relations Act of 1936, which will cease to operate on April 18. It has been suggested to Nehru that the link with the Crown, which has been considered by most constitutional lawyers as the basic formal feature of the Commonwealth, might be retained through the delegation (if necessary in perpetuity) of the royal prerogatives governing the issue of Letters of Credence, Full Powers, etc., to the President of the Republic. (He will be an elected President and will not be nominated to office.) The position under such an arrangement might not be very different from that of our Governor General under the new Letters Patent of 1947.

6. By their long silence on this suggestion it seems that the Indian authorities are not likely to accept it. Furthermore, there have been certain "constitutional doubts" regarding it in quarters close to the Throne, as explained in Robertson's telegram No. 236 of January 26. As a consequence, according to Mr. Robertson as stated in

the same telegram, serious thought is now being given in London to the possibility of proposing to the other members of the Commonwealth "some new basis of association in which recognition and use of the Crown would not be a necessary symbol of Commonwealth membership." What this "new basis" might be we have not yet been told, although according to Mr. Robertson's telegram No. 436 of February 24, we may expect to have something put up to our Prime Minister by Clutterbuck very soon.

(b) *Common Status of Commonwealth Citizenship*

7. This has been a central feature of Mr. Nehru's proposals for the basis of India's future relationship with the Commonwealth. This was set forth in his "Ten Points" memorandum which he left with Mt. Attlee before leaving London after the Meeting of Prime Ministers last October. It remained also the basic feature of his revised "Eight Points" scheme, which was communicated to Mr. Attlee on December 11. Mr. Nehru described his scheme as a "sincere desire to continue the Commonwealth association and what is practicable and adequate at present."

8. This proposal is that either in the new constitution itself or in a separate statute passed at the same time, it will be arranged that Indian nationals will be Commonwealth citizens (i.e. British subjects) and the nationals of any Commonwealth country will be Commonwealth citizens when they are in India, on a reciprocal basis.

9. The other important feature in Nehru's proposals is that the arrangement for the recognition on a reciprocal basis of the common status of Commonwealth citizenship will be accompanied by a declaration by India that she intends to remain a member of the Commonwealth, although this is not clearly set forth in either the Ten Point or Eight Point statement. It has also been considered that declarations expressing the desire and intention that India should remain a member of the Commonwealth would also be made at the same time by the other members of the Commonwealth.

10. The Law Officers of the Crown (United Kingdom) have stated that the continued membership of India in the Commonwealth might be justified in international law if such declarations were made and were accompanied by a *real* common citizenship, giving rise in practice over substantially the whole of the Commonwealth to a *special position* in regard to those who enjoyed it. The *Opinion* observed that while this would be essentially the case in the United Kingdom, it was not so elsewhere in the Commonwealth where most Commonwealth citizens are treated only slightly differently from aliens.

11. There are certain clear difficulties, particularly for the white dominions, in any scheme whereby the principal element in the Commonwealth connection would be the "common status". The term "Commonwealth citizen", no doubt, refers to a general principle or concept with no defined content, but at the same time it implies that Commonwealth citizens will be in a special position in some way different from that of aliens. It must be borne in mind that at present Indians, though British subjects in our law, are excluded as immigrants to Canada, in exactly the same way as other persons of Asiatic race, such as the Chinese, while United States citizens and French citizens are placed in a preferred category with white British subjects. Rights and privileges are thus accorded to some aliens which

are denied to some Commonwealth citizens. It would seem inevitable that we should find ourselves eventually in an embarrassing position regarding our immigration policy if we agreed to a scheme under which the essential feature of the Commonwealth connection would be the common status of Commonwealth citizenship. This would be a device without any real substance, a mere form which would not give any material concrete benefits to citizens from all parts of the Commonwealth. In fact a very obvious discrimination would continue to be enforced against Commonwealth citizens of Asiatic race. Even though the Indian authorities might be prepared to declare now that they were only interested in the form of common citizenship, it could be expected that before long and in view of the feeling in India regarding racial discrimination they would quite logically demand that some real meaning and significance be given to the outward form.

(c) *Special Relationship*

12. It may be found that the only possible solution of India's future relationship with the Commonwealth will be to have India in a category similar to that of Ireland under the Republic of Ireland Act. This can be described as a "special relationship", replacing the former "external association". Ireland will be recognized as no longer being a member of the Commonwealth but it is intended on the part of the United Kingdom, Canada, Australia, New Zealand and South Africa at least, that Ireland should not be treated as a foreign country or Irish citizens as aliens. Under this arrangement the *existing* preferential tariff arrangements and trade relations between Ireland and the Commonwealth countries will continue, and Irish citizens will continue to enjoy most of the rights and privileges of British subjects in Commonwealth countries. While they will not be British subjects in law, they will at the same time not be aliens.

13. The continued exchange of preferential tariffs and citizenship rights can perhaps, as argued by the Irish authorities, be justified on the ground of long-established custom and tradition. It remains to be seen, however, whether the favoured treatment of Irish commodities and nationals can be successfully defended in the International Court if challenged by a foreign country under the most-favoured-nation clause of commercial treaties.

14. In regard to India, we would probably have little difficulty in undertaking to continue to exchange the *existing* rights and privileges extended to Indians or to Indian goods. Mr. Nehru covers this subject in part in his Point providing that, in any new legislation or treaties, Commonwealth countries will not be treated as foreign states, in particular for the purposes of the most-favoured-nation clause, and their citizens will not be treated as foreigners.

15. Failing a solution in one of the three categories outlined above, relations between India and the members of the Commonwealth would be the normal relations between foreign states. There might well be a close treaty relationship, not only bilaterally between India and the United Kingdom but on a wider basis between India and all or most of the Commonwealth countries, with perhaps the exception of South Africa. Such a treaty could not provide for the exchange of rights beyond the limitation placed by the most-favoured-nation clause in existing agreements binding any of the parties to such a treaty.

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*Le haut-commissaire pour le Royaume-Uni
au premier ministre*

*High Commissioner of United Kingdom
to Prime Minister*

TOP SECRET

Ottawa, March 5, 1949

INDIA

My dear Prime Minister,

With reference to my letter of the 25th February, and to my subsequent conversations with Mr. Pearson and later with yourself, Mr. Attlee has now asked me to inform you that Sir Norman Brook will be leaving London by air on Wednesday next, 9th March, and hopes to arrive in Ottawa on Thursday evening, 10th March. Mr. Attlee much appreciates your willingness to receive him, and the intention is that he should be at your disposal from Friday, 11th March, throughout the following week.

At the same time Mr. Attlee is sending Lord Listowel to Australia and New Zealand, Mr. Gordon Walker to India, Pakistan and Ceylon, and Sir Percivale Liesching to South Africa, as his personal emissaries for preliminary conversations with the respective Prime Ministers.

These arrangements will inevitably attract some public attention, and Mr. Attlee feels that it will be desirable to issue a short informal notice to the Press in order to forestall undue speculation. It is accordingly proposed to issue to the Press in the United Kingdom, for publication in the morning papers of Wednesday, the 9th March, an informal notice in the form of the enclosed draft.†

If you agree, Mr. Attlee would be grateful if the same line could be taken in relation to the Press here. Sir Norman Brook will be asked to confine himself to quoting the Press notice if he has to deal with any Press enquiries en route or on arrival. Mr. Attlee feels that it would be inadvisable for the subject matter of his visit to be mentioned at this stage.

Yours sincerely,

ALEC CLUTTERBUCK

782.

DEA/50017-40

*Note du ministère des Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Department of External Affairs
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], March 10, 1949

INDIA AND THE COMMONWEALTH

Attached is a departmental memorandum¹⁷ examining various alternatives regarding India's relationship with the Commonwealth. Since the memorandum was drafted, a copy of Mr. Attlee's memorandum to the Prime Minister, dated February 25, has come to hand. It appears from this message that:

(a) The Indian Government has made public its desire to retain the Commonwealth association and has received the support of the Indian Congress Party for this course;

(b) the Indian Government would not be prepared to accept the Crown as the formal link for India as is the case for the rest of the Commonwealth;

(c) they would not be prepared to accept an intermediary position but desire a position of complete equality with other Commonwealth nations;

(d) the clauses of the Draft Constitution relating to India's status are likely to be under discussion in June or July and it is essential that the question of India's relationship with the Commonwealth should be cleared up before this date in so far as the other Commonwealth countries are concerned.

2. In the past the Canadian attitude towards constitutional negotiations between the United Kingdom Government and the Indian leaders has, in general, been that the matter was one for settlement by the United Kingdom and India. In 1947, however, in connection with the Mountbatten settlement, the Canadian Government indicated its goodwill and sympathetic understanding and added that it would do nothing to impede or delay the carrying out of any agreement which might be reached, even though the agreement might enlarge the number of Commonwealth members. Thus, by implication, Canada's interest in any alteration of Commonwealth relations was asserted. You will also recall that you participated in certain discussions in Paris and London last autumn on India's relationship with the Commonwealth. It would appear desirable that the Canadian Government should take part in consultations on the present issue, since otherwise it may be faced with a *fait accompli*, which might prove to be embarrassing.

3. As pointed out in the attached memorandum, Mr. Nehru has suggested Commonwealth citizenship as a link between India and the rest of the Commonwealth. Although the United Kingdom legal authorities appeared at the time to be doubtful whether this would be suitable, it may be that the United Kingdom would support this solution in the absence of any satisfactory alternative. As the attached memo-

¹⁷ Document 780.

random notes, common citizenship as the sole link might some time or other prove embarrassing to Canada and other "white" Commonwealth nations.

4. It may be assumed that the Canadian people would welcome the retention of India within the Commonwealth, and would probably not object to a special relationship for India, provided this could be done without violating the public's sense of constitutional proprieties. It would, however, be essential from the standpoint of the Canadian public that any special formula worked out for India should not impair or cast doubt upon the validity of the Crown as the basic link for Canada with the rest of the Commonwealth. From the Indian point of view, it would be essential that any special relationship would not imply any inferiority of status.

5. It is suggested that consideration might be given to accepting the membership of India in the Commonwealth by formal Declaration on India's part of intention to remain in the Commonwealth and to adhere to the practices of consultation and co-operation commonly followed by Commonwealth nations. India's declaration might be part of its Constitution, or be merely in the form of an Exchange of Notes, between India and other Commonwealth nations. In turn, other Commonwealth nations would formally recognize by Declaration or Exchange of Notes that India was a member of the Commonwealth. Such formal Declarations on the part of India and other Commonwealth nations would omit references to the Crown in so far as India was concerned, but might, if deemed desirable, declare that the adherence of India by this special arrangement would not alter or impair the historic links relied on by other Commonwealth nations.

6. It should not be overlooked that Pakistan has not yet worked out a Constitution. It might well be that Pakistan could not adopt a solution radically different from that of India. Although Ceylon has recognized the Crown as the link of association, a Ceylonese Government might be compelled to follow India's lead. For these reasons it might be desirable to work out a general rather than a specific formula. The Balfour definition of 1926 might be deemed a useful precedent in this respect. The Balfour definition described the situation as of 1926; a new definition would describe the situation as of 1949. The new definition would have to provide alternative bases for membership: the one, the Crown; the other, association by Agreement. If a general definition were attempted, it would probably be unnecessary to prescribe the procedure for admission by mutual agreement—the procedure which might be adopted for India would serve as useful precedents in later cases.

7. It would probably be desirable, whether a specific or general formula were adopted, to add as a qualification for membership the historic connection with the Commonwealth or the Crown.

8. It would not, of course, be certain that foreign states would recognize membership in the Commonwealth if the connection with the Crown were formally severed. For example, foreign states might refuse to recognize the validity of tariff preferences between members united by a common allegiance to the Crown and other members who had instead retained membership by formal declaration. Members who had severed the link with the Crown would, however, have to take this chance.

9. Assuming some sort of settlement as suggested above could be reached, a new title for the Commonwealth might be desirable such as "the Commonwealth of British and Associated Nations", provided it were made perfectly clear that there was no difference in status between members. Such a title might not, of course, be acceptable to India, though it might be desirable from the standpoint of those members which wished to emphasize that as far as their status was concerned there was no break with the past.¹⁸

783.

DEA/50017-40

Note pour le sous-secrétaire d'État par intérim aux Affaires extérieures
Memorandum for Acting Under-Secretary of State for External Affairs

TOP SECRET

[Ottawa], March 14, 1949

INDIA AND THE COMMONWEALTH

An examination has been made of the three United Kingdom papers on this subject.† They seem to call for a few comments but no fundamental changes in our memoranda of March 3 and 10.

"The Commonwealth Relationship: Constitutional Questions"

2. The following observations are made on this paper:

(a) While it is probably true that "it must now be recognized that India will not be willing to accept any substantial link with the Crown", at the same time it seems that in paragraph 15 an unsatisfactory and inadequate treatment of the possible "tenuous" links with the Crown is given. Thus "external association" under the Irish External Relations Act is briefly dismissed. The possibility of a delegation of prerogative powers to the President of the Indian Republic is not examined. I think it may be questioned whether such an arrangement "would in fact have afforded an even less substantial foundation for a constitutional relationship". I think we will want to be fully satisfied that the Indian Government is in no way open to persuasion to retain some link with the Crown, even though this admittedly would have to be something less than the "common allegiance to the Crown" of all Commonwealth citizens everywhere.

(b) The paper, I think, shows a lack of appreciation of the real difficulties of association through "common citizenship" for the white "countries of immigration". This point is treated in paragraph 11 of the memorandum of March 3. I think we would hesitate before accepting a recast of the Balfour formula providing for free association by "the rights of common citizenship which the nationals of each enjoy in the territories of the others". It seems incorrect to say that, as is done in paragraph 11, "their immigration restrictions are in practice applied less stringently to other Commonwealth citizens than to aliens"; though it is added in the following sentence that Commonwealth citizens of non-European descent are in practice sub-

¹⁸ Envoyé à Pearson par Reid, avec la note suivante, en date du 12 mars 1949:

Forwarded to Pearson by Reid with the following note dated March 12, 1949:

I am not sure I entirely agree with this but I did not want to delay its submission to you.

jected to discriminatory treatment; and though reference is made in paragraph 13 to "the absence of such a system of substantial reciprocity". The one specific mention of Canada, which is made in paragraph 11, is I think incorrect. The right to vote under the Election Act is given to British subjects after a residence in Canada of one year, not five years as stated.

(c) The new features in this paper, when compared with earlier statements on the subject, seem to be:

(i) The stress on the value of declarations by India and the other Commonwealth countries that India will continue to be a member of the Commonwealth and

(ii) The emphasis on the historical continuity of the Commonwealth relationship. The following expressions are used:

Para. 3—"a factual association of long standing...still continuing."

Para. 9—"It is on the historical continuity of this development that the main strength of the argument would have to be founded" and "the historical association should have been uninterrupted."

Para. 13—"A general case based mainly on the historical continuity of the Commonwealth connection."

The recast Balfour formula would refer to states which "owe, or have owed, allegiance to the Crown".

(d) On reading this paper one is left with the impression that the United Kingdom is prepared to go great lengths, at grave risk to the existing Commonwealth structure and to the position of the Crown in the older members, and serious danger of jeopardizing the preferential trade system, to keep India in the Commonwealth. The case for doing this, which clearly must be a good one, is given in the second paper which is discussed below.

While it is stated in paragraph 1 that India wants full membership, I think perhaps it is easy to read too much into the resolution of the Jaipur Conference of December 16, 1948, which is set forth in Annex II. This contains the general phrase "the Congress would welcome her free association with independent nations of the Commonwealth for their common weal and the promotion of world peace."

"India's Future Relationship with the Commonwealth: Implications for Commonwealth Countries"

3. The sub-title of this is somewhat inaccurate. The paper really concerns implications for the United Kingdom and her colonies.

4. Of the three hypotheses discussed, the third seems the most unlikely to materialize. It may be seriously doubted whether India would leave the Commonwealth with resentment and hostility and, as a consequence, embark on a frankly anti-Western policy which might eventually lead her to fall under Communist domination (paragraph 30).

4a. I am inclined to agree with the assessment of the Indian situation given in Section II, subject to the following comments:

(a) Perhaps the paper is not sufficiently pessimistic on the economic future of India, both in regard to the dangers of inflation and the absence of any real prospect at all for self-sufficiency in food, even over a long period.

(b) Two important principles, I think, should be added to the list on India's foreign policy in paragraph 6:

(i) A deep and continuing concern for the welfare of Indian communities overseas. This is partly included in the various paragraphs under the heading "Colonial" but is not listed as a principle.

(ii) Advocacy of the principles of racial equality and non-discrimination. Indian representatives have frequently raised this at meetings of the General Assembly and of other United Nations agencies.

These two points are, of course, closely related. The paper fails to raise and discuss the old dispute with South Africa over the treatment of the Indian community, which is a major problem in Commonwealth relations.

(c) Under the heading "Indian Thought", an assessment is attempted of the forces of Westernization and of Easternization. Under the former they might have listed the influence of industrialization and the desire to acquire Western technical "know-how". Under the Eastern influences mention should have been made of the new importance being given to Hindustani and other native languages and the consequent decline that may be expected in the quality and use of the English language. In the clash of Western and Eastern cultural influences, I am inclined to think that the regional, geographical and social influences will be the final determinants. Mention should have been made of the limited community of interests that the Indians share with the European members of the Commonwealth and the gulf which separates Oriental peoples from the Western world. I am inclined to agree with the final sentence of paragraph 9.

5. The subject of India's financial policy which is dealt with at a number of places in this report does not directly concern us as it deals essentially with India's position in the Sterling Area. This is of direct concern to all members of the Commonwealth except ourselves.

6. The strategic appreciation given by the Chiefs of Staff concerns us all in a global sense but primarily the Indian Ocean members, which means in effect all except Canada. Our Defence Liaison Division should have a look at this statement.

7. Each of the three hypotheses is discussed under the headings "Political", "Colonial", "Economic", and "Financial". The summary states that the political considerations are perhaps more nicely balanced as between the first and second hypotheses. I think that we may feel that the political disadvantages under the first hypothesis are quite impressive. The second seems more satisfactory and some of the disadvantages listed against it are perhaps exaggerated.

8. Under the "Economic" heading one soon realizes that the United Kingdom has a big commercial stake in India, not only in trade preferences but even more in the privileged position of British business enterprises in India. Thus United Kingdom private companies are given "national treatment" in regard to taxation, different from that of foreign companies. By comparison we seem to have few economic

interests to lose if India withdraws from the Commonwealth. India extends trade preferences to the United Kingdom, some of the colonies and to Burma. We receive no tariff preferences, though we grant British preferential rates to Indian goods. The Ford Motor Company in Bombay, which is a subsidiary of the Canadian firm, enjoys to my knowledge no privileges either in regard to the entry of vehicles or its business in India. The two Canadian life insurance companies who do business in India, the Sun and the Crown Life, are treated as foreign companies for investment requirements. United Kingdom insurance companies on the other hand are placed in the same favoured position as local Indian companies in the matter of investment of assets. Recently we made representations with a view of being treated on a basis of equality with the United Kingdom companies.

"The Commonwealth Relationship: Most-Favoured-Nation Questions"

9. This is a technical paper containing material similar to that received from the United Kingdom on Ireland last November. I think that the arguments in it are well known to our trade experts, though our Economic Division should be asked to examine this paper.

10. I attach a brief memorandum prepared by Miss [Marjorie] McKenzie, giving some constructive suggestions on constitutional points.

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

TOP SECRET

[Ottawa], March 13, 1949

THE COMMONWEALTH RELATIONSHIP AND THE POSITION OF INDIA

Comments on United Kingdom memorandum of February, 1949

1. *Memorandum on Constitutional Questions, para. 3: possible bases for claim that a special Commonwealth relationship would continue if allegiance to the Crown ceased to be a common element in the relationship.*

(a) add to the list of possible bases:

(vii) the right of each member government of the Commonwealth, or of a citizen of any Commonwealth nation, in foreign states where such government or nation has no diplomatic or consular representation of its own, to make use of, or apply for assistance to, the local representative of any other Commonwealth government or nation.

(See Mr. Nehru's statement of Dec. 11, 1948, para. 5. Perhaps, on second thoughts, the clause suggested above might be unscrambled to read: "The right of each member government of the Commonwealth, in foreign states where it has no diplomatic or consular representation of its own, to use the good offices of the local diplomatic or consular representative of any other Commonwealth government; and of a citizen of any Commonwealth nation in similar circumstances to apply for assistance to such local representative.")

(b) No. (vi) in the list, "The Commonwealth citizenship", is the most definite and the most likely to be accepted by foreign countries. On the other hand, the whole conception of Commonwealth citizenship seems questionable. Its validity is dubious and its expediency still more dubious. If we discard it we weaken our hand considerably; if we retain it we are (i) casting doubt on the full sovereignty of each Commonwealth member, since Canadian citizenship, for example, might come to be looked upon as secondary to Commonwealth citizenship; (ii) laying a foundation for endless disputes among Commonwealth members as to what rights are involved in Commonwealth citizenship.

If some other term than "citizenship" could be devised to express this relationship, it would be helpful. "National" is no better than "citizen", as the Commonwealth is not a nation but several nations. The phrase "British protected person" applied to subjects of British protectorates might suggest something. Could we speak of "The right to Commonwealth protection"?

2. *Memorandum on constitutional questions, para. 5: redefinition of the Commonwealth.*

As suggested in paragraphs 6 and 7 of the memorandum, the 1926 declaration might well be allowed to stand as a historical statement, valid for its time but not purporting to fix for the future what the relations among Commonwealth nations were to be. If, however, redefinition should become necessary, or if it seemed advisable to keep in mind some common basis for replying to questions as suggested in para. 8, perhaps the statement in clause (i) of the proposed redefinition should be slightly altered. The Irish would, I think, contend that they never owed allegiance to the Crown, but merely had it exacted from them at a time when they were in no position to make effective resistance. Indians might take the same view. Clause (i) might therefore be modified to read somewhat as follows:

"independent sovereign states whose sovereignty is now, or was formerly, vested in the Crown."

Either of these definitions would, in itself, include the United States of America and, according to Henry V and other authorities, France. I suppose there would be no objection to either of these countries joining the Commonwealth if they wished, but meantime parts (iii) and (iv) of the redefinition would exclude them.

3. *Memorandum on constitutional questions, para. 7: declarations by India and other Commonwealth countries.*

The memorandum suggests that in these declarations the complete title "British Commonwealth of Nations" should be used. While this would undoubtedly be acceptable to most of the governments concerned, it might embarrass the Government of India, and possibly one or two other governments, in domestic political argument, since in some quarters the word "British" still has connotations of overlordship. The word "Commonwealth" alone might be sufficient.

4. *Memorandum on Constitutional questions, Section IV: ineligibility of foreign states for admission to the Commonwealth except by accepting allegiance to the Crown.*

We should try to avoid tying our hands too firmly on this point.

5. *Memorandum on India's future relations, paras. 17 and 18: and memorandum on Most-Favoured-Nation Questions, para. 12: dangers to United Kingdom economic stability.*

It appears from an examination of the above passages that, under present circumstances, the economic stability of the United Kingdom might well be endangered by two events which would be more likely to occur if India left the Commonwealth than if India remained in the Commonwealth:

(1) Withdrawal by India of tariff preferences to the United Kingdom, and discrimination against United Kingdom commercial interests within India.

(2) International Court action against the United Kingdom by some foreign country, resulting in a verdict that a most-favoured-nation treaty had been violated and an award of monetary damages for violation; or, alternatively, economic reprisals by the foreign country for what it considered violation of a most-favoured-nation treaty.

In the present precarious state of British and world economy, either of these events might have disastrous results. The economic stability of the United Kingdom is of course a major interest of Canada. The conclusion seems to be that it is of considerable interest to Canada, as well as to the rest of the Commonwealth, to find some acceptable means by which India may be enabled to stay in the Commonwealth.

[MARJORIE MCKENZIE]

784.

DEA/50017-40

*Note de la direction du Commonwealth
Memorandum by Commonwealth Division*

TOP SECRET

[Ottawa], March 14, 1949

INDIA AND COMMONWEALTH RELATIONS

Further comment on United Kingdom memorandum of February, 1949†

1. The last sentence of paragraph 23 of this memorandum states that if India left the Commonwealth "it could no longer be held that there was any moral obligation upon the United Kingdom to come to the assistance of India if threatened by aggression, while India recognised no such reciprocal obligation."

2. The inference here is that there is a moral obligation on Commonwealth members to come to one another's assistance if threatened by aggression, and that if any Commonwealth member exercises its right to remain neutral in a war in which one of the other members is the victim of aggression, it is ignoring this moral obligation.

3. If such a moral obligation exists, it has, I think, never in fact been necessary to act upon it. There have always been compelling motives of self-interest involved when any Commonwealth member intervened to defend another against aggression. Perhaps the nearest approach to disinterested action is that of Canada in 1914; but even in the circumstances of 1914, any disaster to the United Kingdom would have had profound effects on the welfare of Canada. Canadian policy has, however,

for about a century been based on the realization that, whether or not there was any moral obligation on the United Kingdom to defend Canada against aggression, the United Kingdom would as a matter of fact be quite unable to defend Canada effectively against the only foreign state which was in a position to invade Canada. In the war of 1939-45, Australia, which has always taken a sentimentalized view of Commonwealth relations, was staggered by the realization that if there had to be a choice between sacrificing Australia and sacrificing the United Kingdom, the United Kingdom Government, lacking the necessary wherewithal to defend both countries, would defend the United Kingdom from being occupied by German forces, even if that meant abandoning Australia to occupation by Japanese forces. Fortunately things did not reach that pass; but if they had, it was obvious what would happen, and no one could fairly blame the United Kingdom if it had had to make this hard choice. In the same way, the Australians seemed somewhat upset to find that Canada wished to retain any available troops to defend its own exposed West Coast against possible Japanese invasion after Pearl Harbor, instead of sending some of them to help defend Australia. Much of the Australian pressure for an Imperial Council or Cabinet during the war seemed to be due to a delusion that in such a body the United Kingdom could be talked into sacrificing its own vital interests to those of Australia. It has been pointed out by another member of the Commonwealth Division of this Department that the Australian action in withdrawing their troops from the Middle East to meet the Far East crisis was another striking example that shows how each government must put the immediate defence of its homeland ahead of all other considerations.

4. Self-interest, however, will likewise ensure that the United Kingdom will always come to the assistance of a friendly India against an aggressor except when its resources of men and material are insufficient for the purpose. It will not matter whether India is in the Commonwealth or not; neither the United Kingdom nor Australia could afford to let a neutral India be occupied by aggressor forces, if there was any way in which they could prevent such a disaster to their strategic communications. It does not, therefore, appear that India's withdrawal from the Commonwealth would in itself reduce the liability of the United Kingdom to defend India against aggression. Needless to say, even the comparatively favourable defence position of Canada would be seriously affected if India fell into the hands of a powerful aggressor.

[MARJORIE MCKENZIE]

785.

DEA/50017-40

Note pour le secrétaire d'État aux Affaires extérieures
Memorandum for Secretary of State for External Affairs

TOP SECRET

[Ottawa], March 17, 1949

REVISION BY MR. HEENEY OF THE MEMORANDUM OF MARCH 16, 1949,†
PRESENTED TO THE S.S.E.A. ON INDIA AND THE COMMONWEALTH

When the draft constitution for India comes into force, India will become a "sovereign democratic republic". It is expected that the constitution will be adopted by the end of June and will come into force on August 15. The present draft makes no provision for a link with the Crown, though it is not impossible that the Indian Government might still accept a nominal link. At the same time, the Indian Government has indicated its desire to retain its membership in the Commonwealth and has received the support of the Indian Congress Party for this course. The Indian Government has also indicated that the association of India must be that of a full member and that India could not accept anything less than equality of status.

2. On February 25 a personal message was sent by Mr. Attlee to the Prime Minister on the question of India's future relations with the Commonwealth. This message suggested a meeting of Prime Ministers, which it is now proposed should commence in London on April 20.

3. Sir Norman Brook, the Secretary of the United Kingdom Cabinet, came to Ottawa on March 10 and left with the Prime Minister and yourself three United Kingdom Cabinet documents which discussed in detail the considerations affecting India's future relations with the Commonwealth.

4. At the outset it should perhaps be emphasized that the present position under which the Crown constitutes the basis of Commonwealth membership has been regarded as fully satisfactory by the Canadian Government, which has also expressed satisfaction with existing practices in respect of consultation and co-operation among Commonwealth governments.

5. There is obvious value in India's continued membership in the Commonwealth, from a political and strategic point of view, particularly in view of the present international situation. This is of importance not only in terms of the Soviet menace but also as providing an important link between the peoples of Asia and the Western countries. It would presumably be unwise to drive India out of the Commonwealth by insisting on allegiance to the Crown or some other formal link with the Crown as a necessary condition of membership, if a solution could be found which would not weaken the Commonwealth association or impair Canada's link with the Crown. Moreover, if India left the Commonwealth, it would be far from easy to establish a treaty relationship between India and the United Kingdom, or between India and other members of the Commonwealth, which would be satisfactory as an alternative to Commonwealth membership. Such treaties would inevitably involve an attempt to spell out relationships which have hitherto been regarded as defying definition. It is by no means unlikely that the terms of any treaty which

could be agreed would in fact provide much less than is enjoyed by the present indefinite association.

6. The United Kingdom papers suggest that India could be retained in the Commonwealth, even without retaining a link with the Crown, by formal public Declarations by India and the other members of the Commonwealth. They suggest that the Government of India might make a declaration to the effect that, "India, on becoming an independent republic, solemnly declares and proclaims that it confirms and renews its membership of the British Commonwealth of Nations." The other Commonwealth governments might simply declare that, "India, on becoming an independent republic, is and continues to be a member of the Commonwealth." Possibly also, in view of the resolution of the Indian National Congress, the Indian Government would like such a declaration to include a reference to the "free association of the equal and independent countries of the Commonwealth." The United Kingdom papers indicate that, while in due course it will no doubt be necessary to give some explanation of the action taken in declaring India to remain a member of the Commonwealth, the initial public statements need not go beyond the declarations mentioned.

7. The United Kingdom papers suggest that the continuance of the Commonwealth relationship, without a common link with the Crown, could be justified by reference to the following:

"(i) The *de facto* general acceptance by all civilized nations of the existence of the Commonwealth as a unit composed of nations bound together by a factual association of long standing, based up till now on the common sovereignty of the Crown, and still continuing.

(ii) Declarations by the Governments of all the members of the Commonwealth that they wished to be, and regarded themselves as, still bound in a special form of association.

(iii) The practice of consultation between member Governments on all matters of common concern—political, strategic, economic, and financial—and their practical co-operation in many such matters.

(iv) Their co-operation, to the extent desired and approved by each Government, in the military defence of common interests.

(v) The preferential treatment which they accord to one another in trade and commerce.

(vi) The Commonwealth citizenship."

8. Some such combination of considerations might well be sufficient to demonstrate the continued existence of the Commonwealth in the new circumstances. The Canadian Government no doubt would have certain reservations in respect of some of the six points mentioned in the preceding paragraph. For instance, point (iii) would require careful examination in the light of the position recently taken by Canada in the matter of Commonwealth consultation. Point (iv) would presumably require examination in so far as it relates to the "military defence of common interests". It might be unwise to stress point (vi) relating to Commonwealth citizenship, unless it were made abundantly clear that the expression was not intended to confer

greater rights and privileges than those presently enjoyed by virtue of such citizenship.

9. In the light of the foregoing, you might wish to suggest the following points to the Cabinet as representing the appropriate Canadian attitude:

(a) Canada regards it of importance, particularly at this period of international stress, that India should remain in close and friendly relations with the Western countries; the Commonwealth connection is an important element in these relations; it is therefore desirable that India should remain formally a member of the Commonwealth.

(b) Canada is fully satisfied with the existing basis of Commonwealth relations and would, therefore, regard it as desirable that India retain if possible a formal link with the Crown, even though its constitution may be republican in form.

(c) If India does not find it possible to accept a continued link with the Crown, Canada should be prepared, at the London meeting, to consult with other Commonwealth countries, including India, on ways and means whereby the basis of membership in the Commonwealth might be broadened to include India as an independent republic. However, it should be made clear that no solution would be acceptable which impaired Canada's traditional relationship with the Crown.

(d) Canada should be appropriately represented at the London meeting in order to assist in working out a satisfactory solution of the present difficulty.

(e) An opportunity should be sought, before the London meeting, to acquaint the Government of India of the following:

(i) Our strong hope that India may find it possible to remain within in the Commonwealth.

(ii) For its part, the Canadian Government is fully satisfied with the present basis of association between the nations of the Commonwealth.

(iii) The Canadian Government feels that there would be grave difficulties in the way of India retaining the benefits of Commonwealth membership unless the traditional link with the Crown were preserved in some form.

(iv) The Canadian representatives at the London meeting would be prepared to discuss the problem in the light of the common desire of India and Canada that India should remain in the Commonwealth.

786.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 17, 1949

COMMONWEALTH RELATIONS; INDIA

10. *The Secretary of State for External Affairs* reported upon conversations he had had with Sir Norman Brook whom the Prime Minister of the United Kingdom

had sent to Canada to explain how the question of India's future relations with other countries of the Commonwealth was being considered in London.

Upon the draft constitution for India coming into force, India would become a republic. No provision was made in the draft for a link with the Crown but the Indian government had indicated a desire to remain in the Commonwealth. They had also indicated they could not accept anything less than equality of status with other members of the Commonwealth.

There was obvious value in India's continued membership in the Commonwealth. The problem, therefore, was to seek some formula which would permit this but would not weaken the Commonwealth association or impair Canada's link with the Crown.

(Personal message, Mr. Attlee to Prime Minister, Feb. 25; letter, U.K. High Commissioner in Canada to Prime Minister, Mar. 5; Prime Minister's reply, Mar. 7; † External Affairs memorandum, Mar. 16, 1949).

11. *Mr. Pearson* added that Mr. Attlee had proposed that a meeting of Prime Ministers be held in London commencing about April 20th to discuss these matters. Indications were that the Prime Ministers of other Commonwealth countries would attend.

He thought that it was in Canada's interest that India should remain formally a member of the Commonwealth and highly desirable that India retain some link with the Crown. If this did not prove feasible, he thought that the Canadian government should be willing to explore the possibility of having India retain membership without such a link, provided this would not impair Canada's relationship with the Crown.

12. *The Prime Minister* indicated that this problem was one of great concern to the whole world and in his opinion every effort should be made to permit India to retain her membership in the Commonwealth.

Owing to pressure of domestic affairs, he would find it difficult to attend the Prime Ministers' conference in London on the date suggested and he had so informed the U.K. High Commissioner in Canada. In the event that he was unable to go, he proposed that Canada be represented by the Secretary of State for External Affairs. In the meantime it would be helpful if any public reference which might have to be made to the forthcoming meeting described it as a meeting of representatives of Commonwealth countries rather than a meeting of Prime Ministers.

13. *The Cabinet*, after further discussion:

(a) noted the report of the Secretary of State for External Affairs on the implications for Commonwealth relationship of India becoming a sovereign republic;

(b) agreed that it was in the general interest to seek some solution to this problem which would permit India to retain her association in the Commonwealth and at the same time would not impair Canada's relationship with the Crown; and,

(c) agreed that the Canadian government be represented at the opening of the forth-coming meetings by the Secretary of State for External Affairs and that the Prime Minister might endeavour to attend the later meetings if that appeared feasi-

ble; the U.K. government to be so informed and of the suggestion that the conference be referred to as a meeting of Ministers rather than of Prime Ministers.

787.

DEA/50017-40

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], March 19, 1949

Memorandum for File:

RE: COMMONWEALTH RELATIONS—INDIA

The Prime Minister and the Secretary of State for External Affairs received Sir Norman Brook and the U.K. High Commissioner yesterday evening at 5.30. The Under-Secretary and the Secretary to the Cabinet were present.

Brook told Mr. St. Laurent that his talks with officials here had been most helpful. So far as he was able to judge the views of U.K. and Canadian officials were substantially similar at the Ministerial and official levels. In both countries it was agreed that while almost certainly substantial difficulties would be encountered, the retention of India in the Commonwealth was of great importance and every effort should be made at the London meetings to work out a mutually satisfactory solution. The United Kingdom appreciated the Canadian desire not to have the present basis of associations through the Crown weakened so far as Canada was concerned. The United Kingdom felt the same.

Brook said that as a result of his conversations here it was felt that Mr. Nehru might have pointed out to him in advance of the meetings the difficulties which we felt in working out any solution which did not include the link with the Crown. He had sent a message to London suggesting that Gordon Walker be instructed to draw Mr. Nehru's attention to these difficulties when he saw him in New Delhi at the beginning of April. Such instructions would have to be drawn very carefully so as to avoid over-emphasis which might seem to indicate that the United Kingdom were unwilling to make any real attempt to meet the Indian desires.

We said to the Prime Minister that we had also discussed the possibility of having Kearney communicate in similar fashion with Mr. Nehru after he, Nehru, had seen Gordon Walker. Kearney might deliver an informal and personal message to Mr. Nehru from Mr. St. Laurent.

The Prime Minister and Mr. Pearson were generally agreeable to the tentative suggestions which emerged, and it was left that:

(1) Brook would have sent to us a copy of the draft communication to Gordon Walker which he was sending to his government;

(2) the United Kingdom would let us know, at once, as soon as the timetable for Gordon Walker's visit to New Delhi were settled;

(3) we would prepare for the Prime Minister a draft message to Mr. Nehru which Kearney might deliver before he, Kearney, left New Delhi. (This would be to the effect that since Mr. St. Laurent was unlikely to be able to attend the London

meetings, he wanted Mr. Nehru to know from him, personally, how much importance we attach to having India remain in the Commonwealth, etc.).

The Prime Minister indicated to Brook that it was unlikely that he would be able to go to London himself, though the decision was not final and he would have to await developments. He suggested to Brook that the meeting might be referred to as a meeting of Commonwealth "Ministers" or of Commonwealth "Governments" rather than a meeting of Commonwealth Prime Ministers. Brook saw difficulties but promised to take this up.

Brook said that he thought we would be receiving before long from the U.K. government a draft communique on the subject of the meetings. This would probably be in general terms since Mr. Nehru was anxious that the meetings should not appear to be dealing solely with the Indian question.

A.D.P. H[EENEY]

788.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 529

Ottawa, March 22, 1949

TOP SECRET

Reference Mr. Robertson's telegram no. 436 of February 24. India and the Commonwealth.

1. You will be aware that Sir Norman Brook was in Ottawa from March 10 to 19 to discuss with Canadian ministers and officials the question of India's future relations with the Commonwealth following the bringing into operation of the proposed republican constitution, and the manner in which this problem was being approached by the United Kingdom authorities. It was found from these discussions that our tentative views were substantially similar to those of the United Kingdom as outlined by Sir Norman Brook.

2. The Canadian Government considers that it is desirable that India should remain formally a member of the Commonwealth. The Canadian Government is fully satisfied with the existing basis of Commonwealth relations and would regard it as desirable that India retain if possible a formal link with the Crown, even though its constitution may be republican in form. If India does not find it possible to accept a continued link with the Crown, Canada would be prepared to consult with other Commonwealth countries, including India, on ways and means whereby the basis of membership in the Commonwealth might be broadened to include India as an independent republic, provided that it would be made clear that no solution would be acceptable which impaired Canada's traditional relationship with the Crown.

3. We have accepted the suggestion of Mr. Attlee that a Commonwealth meeting should be held to consider this problem. It is now proposed that the meeting should be held in London on April 21. It is expected that it would last for about one week. It is not at all certain that Mr. St. Laurent will be able to attend but I expect to be in London throughout the period of the meetings.

4. As you are probably aware, arrangements were made through Canada House for Mr. and Mrs. Kearney to sail from Bombay on the "Stratheden" on April 7 which should reach England on April 21 or 22. The Prime Minister is anxious that, if it can be arranged conveniently, Mr. Kearney should be present in an advisory capacity during the London discussions and I have sent him a telegram to this effect. It appears that his present sailing arrangements will be satisfactory and it is hoped that no change will be necessary for his departure from India. It may be found necessary later to cancel the reservation made for Mr. and Mrs. Kearney on the "Empress of Canada" sailing on April 26, though it seems unwise to do this now when the plans for the London meeting are still not finally settled.

789.

DEA/50017-40

Note de la direction du Commonwealth
Memorandum by Commonwealth Division

TOP SECRET

[Ottawa], March 23, 1949

Note for File 5-E(s)

On Friday morning, March 18, a meeting was held in Mr. Heeney's office attended by Sir Alexander Clutterbuck, Sir Norman Brook, Mr. Robertson, Mr. Heeney, Mr. Reid, Mr. MacKay and myself to consider the draft instruction that might be sent by Mr. Attlee to Mr. Gordon-Walker, indicating the line that the latter might take in his discussion with Pandit Nehru. This, Sir Norman had given informally to Mr. Heeney on March 17.

2. Mr. Robertson wondered whether perhaps the case for the Crown connection was put a little too strongly in Brook's draft. He also suggested that perhaps use could be made of the historical connection of the Crown with parliamentary institutions when the desirability of retaining the Crown connection is taken up with Mr. Nehru. This idea was considered a valuable suggestion. He also suggested that the idea might be informally hinted to Mr. Nehru that the Crown could serve as a possible basis for the eventual reunion of India and Pakistan. This was thought to be a very delicate matter and Sir Norman Brook questioned whether Gordon-Walker would be a suitable person to handle it.

3. Several persons observed that perhaps Brook's draft might bring in the international law aspect, namely whether foreign countries would be prepared to recognize the existence of the Commonwealth in the absence of the Crown link.

4. If the idea of common citizenship as the basis of the Commonwealth connection came up, it was thought that perhaps it might be pointed out that the present basis of such common citizenship is allegiance to the Crown and that there would be a problem in putting it on a contractual basis.

5. It was suggested that, in view of India's comments on the subject of Commonwealth consultation last November, Nehru might be impressed with the argument that there would be value in retaining the Commonwealth relationship on a flexible basis under the Crown as against attempting to define it in terms of citizenship, defence obligations, etc.

6. As India has expressed a desire to be associated with the Commonwealth, it must be assumed that India wishes it to continue to exist and therefore would not wish to have it put on such an uncertain foundation that its continued existence might be endangered.

7. There was some feeling that the draft of Sir Norman Brook was too strong though it was appreciated that the whole approach presented a serious dilemma. If not worded sufficiently strongly, the Indian authorities would not be impressed with our real difficulties in agreeing to a basis of the Commonwealth relationship other than the link with the Crown. On the other hand, if this case were put too strongly, the Indians might feel that we were being uncooperative and unhelpful in meeting their own position and difficulties. It was suggested that perhaps a conclusion might be put on the draft somewhat along the lines of the introductory sentences.

8. Mr. Heeney thought that the references to the King as "the supreme head of the Commonwealth" and to the King as an influence "above politics" would from our point of view be undesirable and might be deleted.

A.J. PICK

3^e PARTIE/PART 3

RÉUNION DES PREMIERS MINISTRES, LONDRES, AVRIL 1949
MEETING OF PRIME MINISTERS, LONDON, APRIL 1949

790.

PCO/Vol. 107

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

TOP SECRET

[Ottawa], March 1, 1949

Sir Alexander Clutterbuck called to see me today about the letter to you from Mr. Attlee concerning a possible meeting of Prime Ministers in April or May to discuss the Indian question. I emphasized to him the difficulties that stood in the way of your attendance at a conference in London on this subject at the time suggested. Sir Alexander said that they had already heard from Mr. Chifley, who also regretted the inconvenience that attendance at such a conference would cause him, but added that he thought he could be in London between the middle and end of April. Mr. Fraser can also come at that time, as well as the Prime Minister of Pakistan, though the latter said it would not be very easy for him to leave Karachi.

I told Sir Alexander that we would be glad to receive Sir Norman Brook next week, and that no final decision regarding attendance at the London Conference might be possible until we had discussed the question with him.

After we had finished our talk on the Conference, I mentioned to Sir Alexander the unfortunate effect that was being caused in this country, and which had been the basis of attacks in our House of Commons against the Government, by statements in England which suggested that U.K. trade with Canada would inevitably decrease unless Canada took more U.K. imports. I felt that the unhappy implication of such statements was that we were in some way at fault in this matter when, as he knew, the reverse was the case and we were doing everything we possibly could to urge the British to send us more goods. I said that I hoped that on an early and suitable occasion someone in London with authority would emphasize that we had removed practically all barriers to U.K. imports, and had made every possible effort to increase such imports; that no fault lay in Ottawa in this matter.

Sir Alexander promised to pass this view on to London and said he personally agreed that something along the lines suggested should be done here.

L.B. P[EARSON]

791.

DEA/50017-40

*Le premier ministre
au haut-commissaire pour le Royaume-Uni
Prime Minister
to High Commissioner of United Kingdom*

TOP SECRET

Ottawa, March 23, 1949

My dear High Commissioner,

As you know, I have been giving careful consideration to your letters of 14th,† 21st† and 23rd† March with the personal message from Mr. Attlee regarding the proposed meeting in London during April.

Would you be good enough in the first place to tell Mr. Attlee how glad I was to have had the opportunity of discussing so fully and satisfactorily the question of India's future relationship to the other nations of the Commonwealth with Sir Norman Brook and to learn that our two Government's views on this matter are close together. Sir Norman's visit was most helpful in this connection.

I note that it is now hoped that the proposed meeting in London will open on 21st April. I have been wondering whether it would be possible for me to alter certain arrangements so that I might be in London at that time. There are, however, very real difficulties in the way of this. In any event, it is proposed to send the Secretary of State for External Affairs to represent the Government at the opening meetings and, if developments occur which make it desirable for me to go to London subsequently, Mr. Pearson will be in a position to communicate them to me and I will do my best to fly over at once. I hope that you will emphasize to Mr. Attlee that the Government is genuinely interested in the proposed meeting and

anxious to play its full part therein; that nothing but arrangements which have long been prepared and the cancellation of which would cause difficulty and disappointment, prevent me being present at the opening session.

I am also hoping that during his trip to Washington Mr. Bevin will find it possible to visit Ottawa, in which case I will have an opportunity of discussing this very important question with him here.

If I should not be able to go to London, I can assure you that Mr. Pearson will be in a position to express the views of the Government. I hope that those views will be considered as constructive. I also hope that by consulting together the Governments of the nations of the Commonwealth will be able to reach a satisfactory agreement on this question, the implications of which are important not only for the Commonwealth but for the world.

Mr. Pearson, I understand, hopes to be in London on 18th or 19th April and will be accompanied by a private secretary and possibly an adviser. He tells me that Mrs. Pearson will not be with him, and I should add that, if I am able to go to London, I will not be accompanied by my wife.

We are grateful to the United Kingdom Government for its invitation that the Canadian representative, or representatives, should be its guest in London, and we accept that invitation with pleasure.

I note that it is proposed to make an announcement in certain terms to the press on Tuesday, 29th March, at 3.30 p.m. GMT, regarding the proposed meeting. This is quite agreeable to us. Of the alternative words suggested in the second paragraph of the proposed announcement, we prefer "A".¹⁹

Yours sincerely,

LOUIS S. ST. LAURENT

792.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde*

*Secretary of State for External Affairs
to High Commissioner in India*

TELEGRAM 77

Ottawa, March 31, 1949

TOP SECRET

Please deliver as soon as possible the following personal message for Pandit Nehru from Mr. St. Laurent. Text begins.

Owing to long-standing engagements I very much regret that I shall not be able to attend at least the opening sessions of the Commonwealth meeting in London

¹⁹ Celle-ci emploie l'expression «involving certain constitutional questions» visant à décrire le but de la réunion plutôt que «relating to the structure of the British Commonwealth of Nations». This employs the phrase "involving certain constitutional questions" to describe the purpose of the gathering, rather than "relating to the structure of the British Commonwealth of Nations".

and I am therefore asking Mr. Kearney to give you this personal message before his departure from India.

My colleagues and I have been giving very serious consideration to Commonwealth constitutional problems which will be discussed in London. In this connection, we have noted your plans to adopt a republican constitution and the wish expressed both by yourself and the National Congress that India should continue its free association with the nations of the Commonwealth. All of us here warmly welcome that wish and earnestly hope that India's membership in the Commonwealth will continue after India becomes a sovereign democratic republic.

This we consider to be desirable and important for all parts of the Commonwealth, particularly in view of the present critical international situation. We are anxious that our existing close and friendly relations with India should continue and be strengthened. We hope, therefore, that a way can be found which will be satisfactory to your country and to the other nations of the Commonwealth whereby India can remain within the Commonwealth.

So far as the Canadian Government is concerned, we are satisfied with the present basis of association between the members of the Commonwealth and we do not wish to alter Canada's traditional relationship with the Crown. The Crown is an essential element of our constitution and of our whole parliamentary system of government. We think that the Canadian public would have misgivings in accepting any fundamental change in the present form of Commonwealth association which would appear to weaken the position of the Crown.

The above considerations prompt me to express the sincere hope that you may see your way clear to retaining some link between the sovereign republic of India and the Crown. It seems to me that any alternative presents not only constitutional but also real practical difficulties; for example, we might be hard put to defend against foreign objections the continued exchange of trade preferences.

In any event, you and your colleagues may be assured that the Government and people of Canada earnestly desire that a way may be found through which India can remain a full member of the Commonwealth. Please be assured also of our sincere good will and of our understanding of India's special situation in regard to this matter. I wanted you to know this before you left for London, as well as something of the problems involved from the Canadian point of view in regard to any action which might seem to require a fundamental change in the basis of the Commonwealth relationship.

Mr. Pearson will be representing the Canadian government at the opening meetings in London. If developments are such as to make it seem essential for me to be present, I will endeavour to fly over at once. Mr. Pearson will, of course, be willing and happy to explore with you and the representatives of other Commonwealth countries the ways and means where India, under her new constitution, can, in accordance with our common desire, continue within the Commonwealth. I may add that I have asked Mr. Kearney to be present in London during the meetings as an advisor to Mr. Pearson.

Again assuring you of my deep regrets that I may not have the privilege of personal discussions with you, I wish to send you my very high regards.

Text ends.

793.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, March 31, 1949

...

COMMONWEALTH RELATIONS; LONDON MEETING

27. *The Secretary of State for External Affairs* reported that the Prime Minister had sent a telegram to Mr. Nehru explaining that he would not be in London for the opening meetings. The telegram conveyed to the Indian government indication of the understanding of the Canadian government and of its desire that a means be found by which India might remain within the Commonwealth. It explained difficulties which were envisaged in continuing Commonwealth relationship without some link with the Crown.

It seemed probable that most strenuous objection at the meeting to a basis allowing membership without a link with the Crown would come from South Africa.

28. *The Cabinet*, after discussion, noted with approval the report of the Secretary of State for External Affairs.

794.

DEA/50017-40

Note de la direction du Commonwealth
Memorandum by Commonwealth Division

TOP SECRET

[Ottawa], April 4, 1949

Note for File 5-E(s)

INDIA AND THE COMMONWEALTH

The Indian High Commissioner was called in by the Under-Secretary at 12:15 a.m., March 31, so that he could be informed of the personal message which had gone forward from Mr. St. Laurent for Pandit Nehru on the subject of India's future relations with the Commonwealth. Mr. Heeney not only read the message but also explained at some length to Sardar Malik²⁰ our attitude on this question, including both the difficulties felt by the Canadian Government and its earnest desire that India should continue as a member of the Commonwealth.

²⁰ Sardar H.S. Malik, haut-commissaire de l'Inde au Canada/High Commissioner of India in Canada.

2. Sardar Malik was clearly pleased with our attitude and happy that we had expressed our desire that India should continue within the Commonwealth. He did not have a great deal to add that was new or very helpful.

3. He remarked that while he could appreciate the sentiment of the Canadian public towards the Crown, the position in India was quite different. The Crown and the personality of the King had not, under British rule in India, endeared themselves to the Indian public.

4. He mentioned India's dispute with South Africa in two connections; first, that the Royal visit to South Africa early in 1947 had created a bad impression in India. It was felt that the King was in this way being too closely associated with the South African Government with which India was then at a serious stage in its dispute over the treatment of the Indian community in South Africa. Malik mentioned that in this way the King had been publicly linked with the policies of one Commonwealth Government and that therefore there was a danger that the King should be dragged into controversial public issues. He also mentioned the question put in the Constituent Assembly recently to Pandit Nehru as to whether he would give an assurance that India would not continue to be a member of an association in which racial equality was not recognized and practised by all its members. Nehru replied that he could not give any such assurance.

5. Malik also mentioned that he thought the question of Indonesia, on which Nehru and other Indian leaders felt so strongly, might well come up in some form at the London meetings but he did not elaborate on this point.

A.J. PICKI

795.

DEA/50017-40

*Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures
High Commissioner in India
to Secretary of State for External Affairs*

TELEGRAM 69

New Delhi, April 5, 1949

TOP SECRET

Your telegram no. 77 of March 31st, Commonwealth Relations. Bajpai requests me to convey the following reply from Mr. Nehru to Mr. St. Laurent's message, Begins: "I thank you for your message dated March 31st which your High Commissioner Mr. Kearney has communicated to me.

I am grateful for your explaining so clearly and fully Canada's attitude towards the problem of India's relationship with the Commonwealth. At this stage all that I can say is that although India is committed to the adoption of a Republic constitution both my colleagues and I in the Government of India and the great majority of thinking people in India prefer India's association with the Commonwealth to continue after she becomes a Republic. I shall go to London with the sole desire to find ways and means of continuing this association without the sacrifice of deep-rooted

sentiment or fundamental principle either by India or by other countries of the Commonwealth. I can only express the hope that a frank exchange of views in London based upon full and sympathetic understanding of each other's difficulties may help us in achieving the object that we all have in view. I shall of course be happy to have talks with Mr. Pearson who, I feel sure, will represent your Government with great ability. However, it would naturally be a great pleasure for me to renew my acquaintance with you in case you should find it possible to visit London during the Conference.

All friendly remembrances and my very high regards. Jawaharlal Nehru." Ends.

2. Letter carries no secrecy rating but we are treating it as Top Secret.

796.

DEA/50017-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], April 9, 1949

COMMONWEALTH MEETING

It is considered, in view of Mr. [Alfred] Rive's conversation with Mr. Fraser† and Mr. Chifley's message in reply to Mr. St. Laurent, † that it might be desirable to give a general indication of the Canadian approach to the problem of India's future relationship with the Commonwealth to the Prime Ministers of Australia, New Zealand and South Africa. The attached telegram is therefore submitted for your approval. It will be observed that it is based substantially on the personal message sent by Mr. St. Laurent to Pandit Nehru. It has been thought that the other Prime Ministers, apart from the United Kingdom Prime Minister, should not be aware of this message, although it seems desirable to inform them of the Canadian attitude.

A. H[EENEY]

797.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Australie*

*Secretary of State for External Affairs
to High Commissioner in Australia*

TELEGRAM 52

Ottawa, April 10, 1949

TOP SECRET

Commonwealth meeting. It is thought that you might wish in your discretion to inform the Prime Minister of Australia or the head of the Department of External Affairs of the general attitude of the Canadian Government to the problem of

India's future relationship with the Commonwealth, the consideration of which is the purpose of the London meeting.

2. The Cabinet has given serious consideration to the Commonwealth constitutional problems which will be discussed in London. In this connection it has noted the plans of the Indian Government to adopt a republican constitution and the wish expressed both by Pandit Nehru and the National Congress that India should continue its free association with the nations of the Commonwealth. The Canadian Government warmly welcomes that wish and earnestly hopes that India's membership in the Commonwealth will continue after India becomes a sovereign democratic republic.

3. This we consider to be desirable and important for all parts of the Commonwealth, particularly in view of the present critical international situation. We are anxious that our existing close and friendly relations with India should continue and be strengthened. We hope, therefore that a way can be found which will be satisfactory to India and to the other nations of the Commonwealth whereby India can remain within the Commonwealth.

4. So far as the Canadian Government is concerned we are satisfied with the present basis of association between the members of the Commonwealth. We do not wish to alter Canada's traditional relationship with the Crown. The Crown is an essential element of our constitution and of our whole parliamentary system of government. We think the Canadian public would have misgivings in accepting any fundamental change in the present form of Commonwealth association which would appear to weaken the position of the Crown.

5. These considerations lead us to hope that India may see its way clear to retaining some link between the sovereign republic of India and the Crown. It seems to us that any alternative presents not only constitutional but also real practical difficulties; for example, the Commonwealth countries might be hard put to defend against foreign objections the continued exchange of trade preferences.

6. In any event the Canadian Government earnestly desires that a way may be found through which India can remain a full member of the Commonwealth. At the London meeting the Canadian representative will be willing and happy to explore with the representatives of other Commonwealth countries the ways and means whereby India under her new constitution can continue within the Commonwealth.

798.

DEA/50017-40

Note du chef, direction du Commonwealth

Memorandum by Head, Commonwealth Division

TOP SECRET

[Ottawa], April 12, 1949

INDIA AND THE COMMONWEALTH

At the outset of the forthcoming discussions it is probably good tactics to leave the initiative to India to suggest a formula for India's association with the Commonwealth, but it may be desirable for us to have suggestions ready to head off any formula which might be objectionable to us.

2. The formula below is based on the following assumptions:

(a) That the Commonwealth has now reached the stage of a personal union; that is, it is now formally united only by the fact that it has a common head, who is still called by the title of "King" and that, conversely, the concept of a common Crown in the sense of the single executive authority no longer in fact obtains;²¹

(b) That India might be prepared to accept the King as the common head of the Commonwealth, provided his title were not objectionable to the Indian people, and provided it were made abundantly clear that complete executive authority were vested in the Indian Government;²²

(c) That any formula adopted to meet the case of India should be flexible while doing as little violence as possible to accepted traditions.²³

3. Suggested formula:

(a) The King might be given some generic title to indicate his relationship with the whole Commonwealth (e.g., "Head of the Commonwealth of Nations"), leaving for each member state to fill in an additional title referring specifically to it (e.g., Canada might add "King of Canada").²⁴

The remainder of the present title might have to be dropped, or, if retained, would obviously need alteration (e.g., "By the Grace of God" might become "By Divine Grace"; "Defender of the Faith" might become "Defender of Faith").²⁵

(b) The specific part of the title referring to India might be something different from "King"—e.g., "Patron of the Republic of India", or perhaps an Indian term in keeping with India's historical tradition. (There is an historical precedent in the case of George I, who was King of Great Britain and Elector of Hanover).²⁶

(c) India might be induced to modify the title of "President" so as to indicate that the office was vested with the powers of the Crown (e.g., he might be called "President and Regent of India", or "President and Governor General of India").²⁷

(d) India might by Letters Patent vest in the elected head all the powers of the Crown. Probably no alteration in the present draft constitution would be needed to do this since it can scarcely be held that the powers of the Crown have yet lapsed with regard to India. The last edition of Canada's Letters Patent of the office of Governor General might serve as a useful model.²⁸

(e) It might be desirable to wrap up the changed title in reciprocal declarations by Commonwealth governments—India declaring its intention to remain, other

²¹ Le conseiller juridique, E.R. Hopkins, écrit cette note ainsi que les huit notes suivantes: The Legal Adviser, E.R. Hopkins, wrote this and the following eight marginal notes:

Not spelt out yet

²² Possibly

²³ Yes

²⁴ Quite possible

²⁵ Optional?

²⁶ Query

²⁷ Doubtful

²⁸ Yes—heartily agree

Commonwealth countries formally taking note of this and recognizing India as a member.²⁹

R.A. MACKAY

799.

DEA/50017-40

Note du secrétaire d'État aux Affaires extérieures
Memorandum by Secretary of State for External Affairs

[London, April 1949]

NOTES ON VISIT TO LONDON, APRIL 19TH-30TH, 1949

Tuesday, April 19th

I had lunch today with Sir Norman Brook, who brought me up to date on the thinking here in regard to the Indian problem. There has been little change from the views he expressed on behalf of the U.K. Government in Ottawa some weeks ago. However, there has apparently been a strengthening of the feeling in certain quarters that India *must* be kept in the Commonwealth, even as a Republic. They have given up the idea of two types of membership in the Commonwealth, and rightly so, but feel that, while Nehru is not willing to accept the Crown as the source of allegiance, he may be willing to accept the Crown as, to use Sir Norman Brook's phrase, "Head of the Commonwealth". I told him that I did not like this phrase much, as the word "Head" might be misinterpreted, but I thought that the idea was a good one and adequate as a basis for Indian membership. There may however, be some difficulty with other Dominions who wish to go further in keeping the Crown as the link through common allegiance, and also with South Africa. If this idea is carried out, there may have to be some kind of declaration of continuing membership emerge from this meeting, and also some alteration in the King's title. Norman Brook said in regard to the latter, that they have in mind something like, "George VI, of Canada (United Kingdom, Australia, etc. as the case may be), the other Monarchies (Nations) (Realms) of the Commonwealth, King, Defender of the Faith, Head of the Commonwealth". This of course is awkward, but something like this may be worked out.

Brook also discussed with me the procedure for the forthcoming meetings. It is the intention to have bilateral discussions between Mr. Attlee and the Dominion Ministers and between the Dominion Ministers themselves before having a general meeting. This is a good idea in order to keep things from becoming too large and too formal. Apparently Attlee took up the idea I expressed to Brook in Ottawa that there were usually too many U.K. Ministers at these Commonwealth meetings, as a result of which the room tended to become divided between the U.K. and the Rest on a basis of more or less numerical equality. Attlee had decided that only three U.K. Ministers should attend, but he was having great difficulty in choosing his two colleagues as five or six wished to come and three or four insisted. They had hoped that only two from each Dominion should be present, but here again, the

²⁹ Yes

Australian High Commissioner was vehement in his determination to attend so there may have to be three from each Dominion. This Constitutional business is the kind of problem that cannot be solved at meetings of thirty or forty people with formal speeches, etc.

I had dinner with Noel-Baker this evening, and found him less friendly to the idea of a Republican India in the Commonwealth than Brook had been. He was apparently very worried about the effect of such development on Pakistan and Ceylon. He does not think that they could retain their present connection with the Crown if India changes hers. This of course may well be true, but is less of an evil than having India completely outside, and Pakistan and Ceylon in. Baker is also worried about South African reaction, and this of course is another difficulty. In fact there is no solution to this Indian problem which does not involve us in some difficulty. It is simply a matter of discovering the lesser of the evils.

Baker said that Attlee was anxious that I should have talks with the South Africans and Indians as soon as possible, as they feel that Canada can be very useful in reconciling differences.

Wednesday, April 20th

Saw Mr. Attlee this morning at 10 Downing Street and we went over the procedure for the forthcoming meeting, discussing ways and means of overcoming some of the difficulties that might occur. Most of the ground I had already traversed with Sir Norman Brook. Attlee was reasonably optimistic, and takes practically the same line in regard to India that we do. He thinks that we should keep our eye on the one objective of keeping her in the Commonwealth. He is a very intelligent little man, and has gained a great deal in authority as he lingers on at Downing Street. He will make a good Chairman of our meeting. I suggested to him that it might be a good thing to have a joint secretariat, say Sir Norman Brook and an Indian. He was interested in this idea, but I doubt if it will be carried out.

I left this afternoon for St. John's College where I dined with the Fellows. It was like old times, and I was relieved to find that nothing had changed at St. John's, or indeed is ever likely to change. I spent the night in my old room and it was as uncomfortable as ever. I was treated just as I used to be treated. In other words, no towel, no hot water, no comfort! Food and drink were of course far better than could be obtained in London, and the Dons did full justice to it.

Thursday, April 21st

We had our first meeting at 10 Downing Street, but it took the form of a pre-luncheon sherry party, a sort-of get-together to establish the social basis on which our political work is to rest. It was very friendly and informal, and after fraternizing inside, we went into the garden where we were photographed and moved by a battery of cameras. Afterwards we motored to Buckingham Palace for luncheon with the Royal Family, all of whom, except Prince Charles, were present! As it was Princess Elizabeth's birthday it was a nice combination of gold plate Royal formality and friendly family atmosphere. I had words with the King and Queen, the Princess and Queen Mary, and a long chat with the Athlones who took me in charge as a fellow-Canadian.

The Royal Family is well briefed because every one of them commiserated with me on the action of E.C.A. in prohibiting the use of dollars by the United Kingdom for the purchase of Canadian wheat. So far as I was concerned, Queen Mary stole the show, and it was quite startling to see her begin the smoking at lunch by putting her cigarette in a long holder which she proceeded to tip at a rakish angle. I think that the Eastern Prime Ministers were suitably impressed by the Palace atmosphere.

Afterwards we went into the grand drawing room and were again photographed in various poses and groups. It was a relief to note that even the Buckingham Palace press photographer is as irreverent and tyrannical as members of his craft invariably are. He pushed the Royal Family around like ordinary beings. When one group seemed to be too stiff, he tried to make us unbend by announcing that we were not a very handsome looking crowd and therefore if we talked and smiled it might minimize our defects and make a better picture. The King emitted quite a guffaw at this sally at which moment the photographer snapped his camera.

In the afternoon I paid my respects to Dr. Malan, the steady stolid Boer Prime Minister, and found him rather a nice old boy, though I should think tough enough when he wishes to be. He was also reasonably optimistic as to the success of our meeting, and is not going to be as difficult as some people have feared. I had tea with him and his wife, and then at five o'clock called on Pandit Nehru, and in the interests of the Commonwealth, consumed another tea.

I had a good talk with Nehru and got the impression that he will do his part to make this Commonwealth conference a success by accepting the King in some form as the symbol of our association. He has a very cultivated mind, a very subtle one, but is not the sort of person one can get to know easily on first meeting.

Friday, April 22nd

We had our first formal meeting at 10 Downing Street. Attlee opened by stating the problem in very mild and sensible terms, and then called on Nehru who circulated the attached document "A"† and said a few words about it. We then spoke in turn, everyone expressing a keen desire to continue the Commonwealth association, although the Australian and New Zealand Prime Ministers were obviously worried about the effect of the admission of a Republic on public opinion in their own countries. Dr. Malan read a prepared statement ("B")† which, as Sir Stafford Cripps said, was quite remarkable. It was very friendly to the Commonwealth connection and also very friendly to India's desire to reconcile that connection with a Republican form of government. The South African attitude removes one big hurdle. I spoke last and my remarks were very general.

After luncheon at the Dorchester given by Wilgress, I went to the Savoy to call on Mr. Chifley. He is a sane, homespun, deliberate sort of person, not likely to go off the deep end, and ready to see other peoples' points of view. Thank goodness he is here instead of Evatt! He indicated that as long as our report started off by emphasizing the value of the present connection with the Crown, which none of us desires to change except India, he could then accept a reference in the report to the inclusion of India and recognition of the King as the symbol of our association. Apparently Attlee and his people are drafting something along these lines for submission to us tomorrow for study over the weekend.

Later saw Admiral Grant regarding the Canadian destroyer at Shanghai. I told him at all costs to keep it from going up the Yangtse.

Saw Daniels of the New York Times.

This evening I phoned Tommy Lascelles to see if he could dine with me as I thought it would be a good thing to pass on the sentiments of this morning's meeting and get the reaction of the Palace. I told him that there was every likelihood of India accepting recognition of the King as a symbol of our association and Head of our Commonwealth, and that on the other hand, the rest of us were willing to accept India as a Republic in the Commonwealth on the above basis. I wondered how the Palace would take this. Lascelles thought that this was a very wise and important solution and that the King would be pleased. He said that they had been looking into the question of inclusion of a Republic in an association of monarchies and found that it had been done in the Holy Roman Empire in connection with the Republics of Danzig and Lubeck! It is a good thing to know that the Palace is not going to put any obstacle in the way of our solution.

Saturday, April 23rd

Early this morning a draft Declaration was circulated to us by Mr. Attlee. In fact it consists of two Declarations, one by India which wishes to remain in the Commonwealth but recognizing the King as outlined previously, and another by the rest of us saying that we are going to retain the Crown on the old basis. This is not a good idea as two Declarations really underline the division between two types of membership in the Commonwealth.

At eleven o'clock I called on the Prime Minister of Pakistan. We both agreed that there should be only one Declaration. He is worried about the effect on Pakistan of the admission of a Republic and feels that public opinion in his country will demand the same treatment. I tried to persuade him not to take any precipitate action in this regard. At the same time, I agreed that Pakistan was entitled to have every assurance from our meeting that if Pakistan desires to become a Republic she should be able to do so exactly on the same terms as India. Liaquat Ali Khan is an easier person to talk to than Nehru as he seems franker and more straightforward. It was discouraging, however, to sense the strong feeling of hostility between Pakistan and India. He and Sir Zafrullah Khan were bitter about what they call the unfriendly attitude of India towards them, not only on Kashmir, but on trade and economic matters. I tried to convey the impression of sympathetic neutrality.

I got the other side of the case later when I called on Sir Girja Bajpai. He was also worried about the double declaration. I told him that, as far as we were concerned, his worries were justified. He gave me a very confidential paper of his own ("C")† which was a sort of Balfour Declaration on the new Commonwealth of Republics and Monarchies. It was very well done, but I gathered that he had not been able to persuade his own Prime Minister to put it forward. Meanwhile we may be able to use it in connection with a draft that MacKay and I are preparing to put forward at Monday's meeting if the situation seems to require it.

This afternoon I left for the country, first for a wedding at Stoke Poges, and then for tea with Princess Elizabeth, the Duke of Edinburgh, and Prince Charlie, who was brought in after tea and displayed to Chifley, who was also present, and

myself. I hope that relations, not at the moment too good between Australia and Canada, were not further disturbed by the fact that I was able to make the baby laugh while Chifley was not successful in that respect. Possibly I tried harder! The Princess and her husband and child are a charming family group, and would be, irrespective of their station. She is a sweet and good-natured person, obviously conditioned to her job by long years of training, and very sincere in her desire to do well what she is destined to do. He seems to be a high-spirited lad, intelligent and attractive, but will no doubt settle down to the business of Royalty.

I spent the weekend at Roger Makins' place near Basingstoke. It was wonderful to be in the English country again.

Monday, April 25th

At 11 o'clock I had my second conference with Canadian Press representatives, and explained to them very candidly, but off the record, the progress we had been making in our meetings. After they left I saw four chief editorial writers of the Times, and had a very good talk with them.

Then came the Burmese Ambassador with a member of the Burmese Cabinet. They of course are interested in our Commonwealth talks. I formed the view that some of them seem now to think that they may have been a little premature in leaving the Commonwealth. This view is underlined by the mess they are now in. The Burmese Minister is in London to get financial and armament help from the U.K. Government, and he wondered whether we could assist also. I was not very encouraging on that score.

At 2.30 this afternoon we had another meeting at 10 Downing Street, when we went over documents which had been circulated Saturday by Mr. Attlee ("D").† They received very lukewarm support. I said at once that two statements of this kind, one by India and one by the rest of us would be unsatisfactory, and that we should try to combine them in one draft. For that purpose, Chifley and the Ceylon P.M. produced texts, but they were not very satisfactory. The Australian text, supported by New Zealand, threw the whole emphasis on the desire of the rest of us to retain our allegiance with the King, and played down the Indian development as a single exception to the general rule that the Commonwealth could only include monarchies. This is of course unsatisfactory to Pakistan and Ceylon who insisted very vigorously, and in strong language, that they could not subscribe to any declaration which seemed to put them in a less free position to India. At times the language verged on the extreme, as Peter Fraser became more and more British and Zafrullah Khan for Pakistan became more and more determined that they should receive equal treatment with India. The difficulty of course was that Australia and New Zealand, and indeed ourselves, were anxious that our declaration should not give the impression that we were all about to become Republics in the Commonwealth. On the other hand, Pakistan and Ceylon insisted that any attempt to give India prior and exclusive consideration would be repugnant to public opinion in their countries. In supporting this view they emphasized that they were quite happy with the existing constitutional position, but if it were changed in respect of India it might have to be changed in respect of their countries. I was in a rather easy position because this was a battle that could be left to other delegations who took the

extreme views on one side or the other. Therefore my efforts could be devoted merely to finding compromises between these extremes. Attlee and Sir Stafford Cripps were in the same situation. At the end of the afternoon the two positions came closer together on this matter, and the atmosphere became friendlier. There were of course other points of difference. Dr. Malan did not like the expression "symbol of our association and Head of the Commonwealth". He thought that this might be interpreted in South Africa as a move towards a centralized Empire. I was inclined to agree on this and suggested a form of words to get over this difficulty, "The King as symbol of our association and *as such* Head of the Commonwealth." The Indians did not like this for some reason which was so subtle as to be almost metaphysical and proposed for "as such" to substitute "thus". We also have quite a long discussion as to whether the word "British" should appear before "Commonwealth". Our Anzac friends were, of course, insistent on this and South Africa, India, Pakistan and Ceylon were on the other side. This was another fight which I found we could keep out of but I did suggest that we could use the words "British Commonwealth of Nations" to refer to the present situation and "Commonwealth of Nations" when referring to the new state of affairs. At first this did not get much support, but as it happens, it was finally adopted.

At 6 o'clock we were pretty tired, and adjourned to a party upstairs which Attlee had arranged for us to meet the Leaders of the Opposition parties. Meanwhile, he as Chairman, and he had been an extremely good Chairman during this difficult afternoon, suggested that Sir Stafford Cripps and Sir Norman Brook, Secretary, might try to work on a draft of a single statement embodying the points generally agreed on during the afternoon. Attlee asked me privately if I would assist in this work, so I spent an hour and a half with Cripps, Brook and Percivale Liesching working out a draft, which Attlee approved after the cocktail party ("E").† That became the draft which was later, with some minor changes, accepted. We gave it first reading that night at 9 p.m. At first the Anzacs did not like it very much because it did not seem to emphasize enough the role of the monarchy, and the fact that only one part of the Commonwealth was changing its status as a republic. However we argued back and forth, at times as vigorously as we had in the afternoon, without coming to any final agreement. The same points of difference occurred that had caused a division in the afternoon. The Pakistan Prime Minister was insistent that he would not accept any sentence which said that the position of the other Dominions "remained unaltered" as that gave the impression that it could not or would not be altered in the future. It seemed to me that everybody would be satisfied if we suggested for "remains unaltered" the words "is not hereby altered". But as people were very tired and as the atmosphere was not good for final agreement, we were not able to decide on this change.

Tuesday, April 26th

We met again at 11 a.m. to take a further look at the draft ("F")† and reached agreement on nearly all of the disputed points. Dr. Malan was still somewhat worried about the description of "Head of the Commonwealth", but in the new context was willing to give it further consideration if we put "as such" instead of "thus", thereby returning to the original Canadian suggestion. He also wanted an agreed

paragraph in the minutes to the effect that "Head of the Commonwealth" had no constitutional significance. I supported him on this as I also was somewhat worried about the use of "Head of the Commonwealth".

Liaquat Ali Khan added to the general satisfaction by now announcing that he could accept the wording in paragraph 3 of the revised draft "the basis of whose membership of the Commonwealth is not hereby changed" if he could be given a satisfactory assurance about Pakistan's position. We had a long and confused discussion as to what form this assurance should take. Liaquat Ali Khan wanted it included in the declaration but the rest of us thought it would be good enough if we had an agreed paragraph in the minutes. This was finally agreed on ("G").† We then had a discussion of a draft paragraph for the minutes on preferential treatment in the Commonwealth, to which we made some amendments to make it more amenable to foreign and particularly United States opinion if it ever became public ("G").† I warned the meeting that I wished to bring up at the next discussion the question of the revision of the King's Title. Nobody showed much enthusiasm about this.

During the afternoon I telephoned Mr. St. Laurent and he was quite agreeable to the draft declaration which I read out to him. He also authorized me later to accept it on behalf of the Canadian Government.

That afternoon I attended a reception of M.P.'s given by the Speaker and met many old friends; from there to dinner at 10 Downing Street. It was a small, informal, and very pleasant affair, just the seven of us. The food and drink were good but the conversation not quite up to the occasion. However, by this time we were all on good terms and ready for the final business meeting at 9.45 p.m. the same evening.

At this meeting we agreed on the procedure to be followed the next day in reporting our declaration to the King. There was some suggestion that we should give him collective advice in regard to the matter but I demurred at this as it seemed to me that constitutionally we could not do so. But we did agree to call on him collectively and have Mr. Attlee read the declaration on our behalf.

We then gave final approval to our document and closed our last business session in an atmosphere of great good humour and goodwill. Fraser and Chifley were particularly hearty. Chifley has a heavy kind of humour which he likes to inflict on the rest of us, while Peter Fraser, when he is not making long-winded pronouncements, loves to interject what he thinks to be witty remarks. Certainly the atmosphere of the last two meetings has been infinitely more good-natured than the earlier ones, even Dr. Malan has thawed out a bit although he is not what you could call a cheerful chap at best. However he has won everybody's respect because he has such a straight-forward honest approach to the subjects under discussion.

Wednesday, April 27th

We met at 10.30 to put the finishing touches to our work and to begin a discussion of the King's Title. This was my particular baby, and I told the meeting that, so far as we were concerned, if the King's Title was now to be changed by removing "Ireland" from it, we wanted some further changes as well. We wanted "dominions beyond the seas" taken out and a title which would mention all the countries

by name, or else a different title for the different countries. For example, for Canada it would be "George the Sixth, King of Canada", for the United Kingdom "George the Sixth King of Great Britain and Northern Ireland", etc. ("H"). Peter Fraser and Chifley said they were not going to touch their titles and we could do what we like with ours. I said that we would certainly change ours in the way indicated at the earliest possible opportunity as we did not like "Dominions", especially Dominions with a small d. I was attacked on this point and it was pointed out to me that Dominions in the King's Title had a capital D. We had a good deal of chat about this and I found out, to my chagrin, that I was wrong. It was obviously impossible to get any agreement on this so I said that all I wished to do was bring it to the attention of the other Governments. We had a good deal of chat also about whether we should keep or reject "by the Grace of God" and "Defender of the Faith". Nobody seemed to be quite certain what Faith the King was now supposed to be defending, and it was generally felt that while this phrase may have been satisfactory in the early days of the reign of Henry VIII, it was a little anomalous in the year 1949. No decisions, however, were taken, and we agreed to consider the matter further.

Peter Fraser then began to throw some more fat into the fire by asking the meeting in general and Nehru in particular to define what each meant by Commonwealth cooperation. Peter had been muttering for some days that he was determined to thresh out this matter, and he certainly did so at this time. Nehru, who was put on the spot, made a brilliant reply, arguing that there could be no cooperation except for constructive and peaceful purposes, and that it was not enough to build up a Commonwealth defence bloc and hope to check Communism in that way. I have seldom listened to a more impressive dialectical statement. Nehru certainly has a magnificent mind. At one earlier meeting, when our second draft was being read, he had taken exception to the last sentence which had been included, at my suggestion, by our small drafting group, and which read, "Accordingly the United Kingdom, etc....declare that they remain united as free and equal members of the Commonwealth of Nations, which has proved its value as a[n] instrument for free cooperation in the pursuit of peace, security and progress." Nehru was quite blunt in saying that he was not willing to admit that the Commonwealth had in fact proved its value in this regard on all occasions in the past, and certainly had not always done so in India. Therefore it had been Nehru who had insisted that the last lines be changed to read, "they remain united as free and equal members of the Commonwealth of Nations, freely cooperating in the pursuit of peace, liberty and progress." No one objected to this, in fact most of us thought it better, even I who had been responsible for the earlier words. Nehru returned to this theme in what was possibly the last and certainly the best statement of the Conference, when he outlined what he considered to be the purpose and value of the Commonwealth in the world; especially in its relation to nationalist movements in Asia.

At 12 o'clock we left Downing Street for the Palace where in one of the large rooms we paraded before the King and Attlee read our declaration ("I").† The King read a few well chosen words in reply, in which incidentally he mentioned the "British" Commonwealth of Nations and hinted that he hoped that there would not be too many more republics in the Commonwealth. However he gave our work his

blessing and seemed genuinely happy about what we had done. Afterwards we all joined him in a glass of sherry and some informal chat. Then quite satisfied at what we had done, we left the Palace. Nehru and Dr. Malan went off together in one car. I hope that there may be some symbolic significance in this, because unless these two Prime Ministers and their countries get along better together, the King will be Head of a somewhat disunited and disrupted Commonwealth.

During the afternoon I worked on a short broadcast which the BBC sent to Canada in time for the 10 o'clock news. Fortunately the release time here, 2 a.m., made it possible for the Prime Minister to read the Declaration in Ottawa that afternoon and for me to broadcast it over the 10 o'clock news ("J").† This meant that in the next morning's papers when the declaration was released here, there were reports from Ottawa about its reception there and reference to my broadcast. I have the feeling that some of the people here thought that I beat the gun. All I did of course was take advantage of our six hours differential.

Thursday, April 28th

The newspapers are of course, full of our Declaration which is generally considered to be another milestone in Commonwealth development. We have been given a good press.

Saturday, April 30th

Looking back, it was certainly an interesting, and, I think, a momentous conference. We have avoided a break in the Commonwealth which *might* have been the beginning of its end, and we certainly have established a new basis which *may* be the beginning of something very important and far reaching.

So far as I was concerned, my part was easy to play. Once we decided in Ottawa to support the inclusion of a Republican India in the Commonwealth, and once India accepted the Crown as the symbol of that association, all that I had to do was to help with suggestions to meet the difficulties raised by Pakistan, South Africa and the "down under" countries. In the actual drafting of the final document, I was lucky enough to be able to work with Cripps, Brook and Liesching during the hour and a half Monday evening when the real job was done.

Finally, no delegate had as advisors two people who knew more about the problem or how best to seek a solution for it than John Kearney and Bert MacKay. I was certainly lucky here.

So begins the new "Commonwealth of Nations": British Empire, to British Commonwealth, to Commonwealth-Emperor, to King, to Head.

In saying goodbye to the King yesterday at Buckingham Palace I said that I was happy to convey to him my respectful good wishes as King of Canada and to add to that title his new one "Head of the Commonwealth". He did not seem to be unduly disturbed; indeed he seemed pleased by the new arrangements, but hinted again that he hoped there wouldn't be too many Republican stars in his Crown! He had little patience with Menzies' speech in Australia objecting to our report and was

somewhat sad that Smuts should have taken the same line.³⁰ On the other hand, he was pleased at the constructive and helpful speech of Churchill's.

L.B. P[EARSON]

800.

DEA/50017-40

*Note du chef, direction du Commonwealth
Memorandum by Head, Commonwealth Division*

[London, April 20, 1949]

INDIA AND THE COMMONWEALTH—ALTERNATIVE LINKS

There appear to be two alternative line of approach to the problem:

- A. India may be prepared to accept some modified link with the Crown; or
- B. India may not accept any continued link with the Crown, in which case some new basis for membership must be found.

2. It may be observed that whatever arrangement is worked out for India is likely to be followed by Pakistan and Ceylon. There are also other prospective members of the Commonwealth—Malay, the B.W.I. (if they federate), Southern Rhodesia, even Burma might ask for re-admission.

A. Possible Links with the Crown

3. Before discussing possible alternatives it will be useful to note that the basic theory of India's draft constitution is directly contrary to that of present Dominion constitutions. All Dominion constitutions (including the Independence of India Act under which India and Pakistan are still governed) are based on statutes of the United Kingdom Parliament, although to a considerable extent these statutes incorporate constituent powers springing originally from prerogative instruments. All present Dominion constitutions vest executive authority in the King or in his representative, the Governor General. In all Dominions, allegiance of the subject to the Sovereign follows from the fact that the King is in theory the head of the State.

4. The draft Indian constitution on the other hand declares that it emanates from the people ("We, the people of India...do hereby adopt, enact and give ourselves this constitution"). It further declares that executive authority is vested in the President. By inference the citizen owes allegiance only to India. The historic link with the Crown which had been preserved in all other Dominion constitutions will thereby be severed if and when the draft constitution becomes effective.

5. It would seem unrealistic to expect the Indian Government at this date to attempt to reverse the course of events and to re-incorporate into the constitution the institution of the Crown. If the Crown cannot be re-incorporated into the constitution it is difficult to see how the concept of the allegiance of the subject could be re-incorporated.

³⁰ R.G. Menzies et J.C. Smuts, respectivement, chefs de l'Opposition en Australie et en Afrique du Sud.

R.G. Menzies and J.C. Smuts, Leaders of the Opposition in Australia and South Africa, respectively.

6. It is possible however that a distinction might be made between the person of the King and the institution of the Crown and that India might be prepared to accept the King as a visible symbol of Commonwealth association. Even this course would appear to require amendment of the draft constitution since the constitution makes no reference whatever to the King and indeed forbids the granting of titles of any sort.

7. If India were however prepared to follow this course it is suggested that it would be quite in keeping with the realities of the present situation in the Commonwealth, even if it marked a break in legal tradition, since in fact if not in form, the Commonwealth now appears to have reached the stage of personal union, that is an association of states whose only formal link is a common monarch. It has not been unusual in such cases for the monarch to have different titles in his different dominions (e.g. George I was King of England and Elector of Hanover) and/or to have a single title covering all dominions (e.g. Holy Roman Emperor).

8. Three possibilities, each involving a change in the royal style and title might be considered:

(a) The King might by mutual agreement be given some title symbolic of his headship for the Commonwealth as a whole (e.g. Titular Head of the Commonwealth, Honourary (or Royal) Patron of the Commonwealth). The necessary legislation might be passed by the United Kingdom Parliament after consultation with other Commonwealth Governments as contemplated in the Statute of Westminster. (As noted, however, some change in the present draft of India's constitution might be necessary.)

(b) It might be further provided that each member state of the Commonwealth could add to the general title, after consultation with the King, a title appropriate to that member state (e.g. Canada might want to add "King of Canada".)

(c) It might not be necessary to provide a special title indicating headship of the Commonwealth, but instead it might be left to each Commonwealth nation to provide for the title in relation to itself in consultation with the King.

B. Arrangements if no link with the Crown

9. If India is not prepared to accept some link with the Crown it is evident that Governments of the older members of the Commonwealth would as yet be reluctant to embark on a new formula applicable to their nations as well as to India. It is to be hoped however that India would accept a special formula for the present covering India alone, but possibly in general terms so that it could be extended to cover other members should they so desire. No attempt is made here therefore, to work out a new formula of association applicable generally and immediately to all Commonwealth nations.

10. It is suggested that India's case might be met by reciprocal Declarations—on India's side indicating the intention to remain in the Commonwealth, and on the part of other Governments, formal recognition of India's continued membership. Such declarations however, would presumably have to stress equality between members whether they are members by virtue of allegiance to the Crown or by virtue of declaration and recognition. It is also suggested that Declarations might

put forward historical continuity as a ground for membership. Such a ground might be a defence of continuation of "Imperial" preferences and of some elements of common citizenship.

11. It is not thought that recognition of membership by Declaration would involve any substantial changes in the law insofar as members other than India are concerned. The Statute of Westminster does not apply to India; legislative sovereignty has passed instead to India by the Independence of India Act. Although the Crown is as yet a part of India's constitution, it could presumably be barred by adoption of the new constitution without requiring any action by the United Kingdom Parliament, or any alteration in the Royal Style and Title, the necessary alteration having already been made. It is probable that the Citizenship Acts of the various members of the Commonwealth would however require amendment if it is desired to continue common citizenship for India since the status of British subject or Commonwealth citizenship appears to rest on personal allegiance of the subject.

12. It is possible that India will put forward common citizenship as a link (as suggested in Mr. Nehru's "Ten Points" of last October). This would seem to be a dangerous ground so far as Canada is concerned, and almost inevitably it would lead to the question of immigration. South Africa and Australia would probably have strong views on this point and if the proposal is put forward by India we might leave them to carry the ball.

[R.A. MACKAY]

801.

DEA/50017-40

Note au le secrétaire d'État aux Affaires extérieures
Memorandum to Secretary of State for External Affairs

[London], April 21, 1949

I think it can be fairly assumed that India is prepared to recognize the King as "Symbol of Unity of the Commonwealth" or to accept some similar description of His Majesty. I believe that the phrase might be enlarged not to a considerable extent but to some extent.

With regard to the most desirable procedure to give effect to India's willingness to give some recognition to the King, I think the simplest means is by an amendment to the Royal Style and Titles of His Majesty, which can be done by Royal Proclamation, provided it is with the consent of the member nations of the Commonwealth. An obvious advantage of the above procedure is that insofar as India is concerned, it would require no amendment to the Indian constitution, and it would be in keeping with well established precedent. The proposed amendment to the Royal Style and Titles should, I think, if possible eliminate the idea of having a locally variable title for His Majesty because this would necessitate each legislature of the Commonwealth nations passing an act or of causing a Royal Proclamation to be issued and this in turn would undoubtedly beget considerable debate and delay. I think it is also desirable that the revision of the Royal Style and Titles should be

sufficiently comprehensive to limit to a minimum the necessity of a joint Declaration by the members of the Commonwealth.

I do think however, that any revision of the Royal Style and Titles would have to be supplemented by some joint Declaration, but I think this could be limited to a joint Declaration naming the nations that are to be members of the Commonwealth. As an addendum to such a joint Declaration a statement could be issued to the effect that those members of the Commonwealth wishing to establish reciprocal citizenship should do so on such bilateral or multilateral basis as might be justified in the circumstances.

With the above considerations in mind, the following is a draft of a proposed revision of the Royal Style and Titles which might be made by Royal Proclamation in the United Kingdom:

George VI by the Grace of God, King of,

The United Kingdom (Northern Ireland) and the British Colonies beyond the Seas.

(each) of the Commonwealth nations owing him allegiance.

and Titular Head and/or Regal (Royal) Patron of the Commonwealth and symbol of unity among all members thereof.

As you will note, the foregoing contains alternatives but I think it comprises such suggestions as have so far been made as would have a good chance of obtaining India's approval.

You will notice that I have inserted the words "Northern Ireland" replacing the word "Ireland" which prevails in the existing Royal Style and Titles. From a note which I see in Dr. MacKay's file it seems to me that the United Kingdom have abandoned the idea of substituting the words "Northern Ireland" for Ireland, but whether they intend to retain or eliminate "Ireland" from the King's Title I do not know. You will also observe that I have substituted for the words "British Dominions beyond the Seas" the phrase "British Colonies Beyond the Seas". One significant thing about this change is that the Commonwealth might henceforth be called the "Commonwealth of Nations" instead of "British Commonwealth of Nations". I have eliminated from the King's title "Defender of the Faith" because with India in the Commonwealth such a title would appear incongruous. In addition, from a historical point of view the title of Defender of the Faith seems to be, to say the least, obsolete. I believe it is a title conferred on Henry VIII by the then Pope of Rome. Since that time as you know, the Church of England has been established as the State Church of Great Britain, and the title conferred on the King by the Pope of Rome would appear to be obsolete. If, for sentimental or other reasons, it is thought that the title "Defender of the Faith" should be retained, I am inclined to believe that the Government of India would take no objection to it, and in support of this it can be said that when the title of Emperor of India was eliminated, the Indian Government did not raise the question of the propriety of the title "Defender of the Faith".

I believe that under the foregoing revision, the King might appropriately be henceforth called the King of Canada, though these words are not specifically used

in the proposed revision. I think this would be true even if the word "each" were omitted, though the latter word would add further justification. The word "each" appears to me to have an added significance because thereby the King's relationship with Canada and the other nations of the Commonwealth is put on a personal rather than on a common basis, and this derogation might of course be subject to query.

If you regard the above suggestions as desirable I would like to discuss with you the advisability, if possible, of such a proposal being made by the Indian Delegation itself, or possibly by some Delegation other than our own.

[J.D. KEARNEY?]

802.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 824

London, April 21, 1949

TOP SECRET

Following from Pearson, Begins: I arrived Monday afternoon after an uneventful journey, and on Tuesday discussed the forthcoming meetings at luncheon with Sir Norman Brook and at dinner with the Secretary of State for Commonwealth Relations. On Wednesday morning I had a talk with Mr. Attlee at 10 Downing Street on the questions which are to be considered. I found that the views of the United Kingdom were substantially those which had already been conveyed to us by Sir Norman Brook, and that there was a strong disposition on the part of the Government here to do everything possible to keep India in the Commonwealth. Mr. Attlee has no illusions about the difficulties in persuading the Indians to accept the King in any other form than that of a symbol of the Commonwealth association, but he thinks that this might suffice, through a declaration and a consequential alteration in the King's title to include some such phrase as "Head of the Commonwealth". Mr. Attlee was somewhat worried about the possible attitude of South Africa and New Zealand as well as the difficulty in preserving the present position constitutionally in Pakistan and Ceylon if India became a Republic inside the Commonwealth.

2. This morning there was a social gathering at 10 Downing Street and a luncheon at Buckingham Palace at which no business was discussed but which served to create a very friendly atmosphere. It was agreed that there should be no general meeting today so that delegations could become acquainted with each other and ascertain each others' views. For this purpose I had a meeting with Dr. Malan earlier this afternoon and found him not unreceptive to the idea of India remaining in the Commonwealth as a Republic and with recognition of the King as Head of the Commonwealth. Dr. Malan was inclined to be cautious in expressing his views but indicated that he did not approve of the recent statement of Smuts that there could

be no place in the Commonwealth for any country which did not fully accept the Monarchy.

3. I have just returned from a meeting with Nehru and Bajpai at which Mr. Kearney was also present. Nehru was quite firm that there could be no membership for India in the Commonwealth except on the basis of her Republican constitution but if that basis were accepted then India desired to continue the present association. I pointed out to him that we in our turn did not desire in Canada to alter in any way our present connection with the Crown which met our needs and our wishes, but that we recognized that India's position in this regard was different. Nehru said that there was a good deal of opposition in India to any form of Commonwealth association but that he appreciated its advantages and he also appreciated the position of the Crown as a symbol of such association. He has seen Mr. Attlee earlier in the afternoon and had left with him a paper which gave the Indian position. He was good enough to let me have a copy of this paper which I think on the whole establishes a satisfactory basis for discussion and possible agreement. Its text is in my immediately following telegram. It will be put forward by Nehru at a general meeting tomorrow morning but will not be circulated at this stage. I hope therefore that it can be considered as highly secret because Mr. Attlee and I are the only persons who have seen it. I shall hope to send you further comments on it tomorrow. Ends.

803.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 825

London, April 21, 1949

TOP SECRET

Following from Pearson, Begins: Reference my immediately preceding telegram, the following is the paper which Mr. Nehru gave to Mr. Kearney and myself this afternoon, Begins:

"Notes on points of agreement

A.(1) Under its new constitution, which is now before the Constituent Assembly, India will become a sovereign Republic. An elected President will be the Head of the Republic.

(2) India wishes to continue to be freely associated in the Commonwealth after she becomes a Republic. On the assumption that this desire is shared by other members of the Commonwealth, the change in India's constitutional status and structure requires a restatement of the basis of the association.

(3) The following are suggested as essentials of Commonwealth relationship:

(a) Reaffirmation by each of the Commonwealth States of its continued membership of the Commonwealth as sovereign States freely associated with one another.

(b) Continued acceptance of the status of the King as the symbol of this free association.

(c) A Commonwealth citizenship.

(4) The Commonwealth shall be known as the Commonwealth of Free Nations.

B.(1) So far as the United Kingdom is concerned Commonwealth citizenship has been established by the British Nationality Act. Each of the remaining members of the free association shall similarly establish Commonwealth citizenship on the lines of Sub-Section (11) of Section 1 of this Act.

(2) The President of the Republic is the Head of the State in India. The King's status vis-a-vis India arises from the free association of which the King is the symbol and appertains to that association alone." Ends. Message ends.

804.

DEA/50017-40

Note du chef, direction du Commonwealth
Memorandum by Head, Commonwealth Division

TOP SECRET

[London], April 22, 1949

COMMENT ON INDIAN PROPOSALS

Moderate as are the Indian proposals they appear to raise the following difficulties from the Canadian standpoint.

(a) They contemplate a re-statement of the basis of Commonwealth association.

It is suggested that this should be avoided and that an effort should be made to meet India's position by an ad hoc statement, or by a statement which although specifically relating to India might have general application.

(b) The statement suggests that a Commonwealth citizenship is an essential element of the Commonwealth relationship.

The concept of British subject (or Commonwealth citizen as used in the United Kingdom Nationality Act) is based on personal allegiance of the subject to the Sovereign. This will disappear in the case of India. Commonwealth citizenship could no doubt be provided by all Commonwealth countries by statute, as India suggests, but to give it the content presently enjoyed under United Kingdom law would certainly raise very serious difficulties in other Commonwealth nations. Moreover, to stress Commonwealth citizenship as an essential element of the Commonwealth relationship might be the thin edge of the wedge for raising the whole question of immigration.

It may be that the Indian proposal is primarily for the purpose of permitting diplomatic protection of Indians abroad by other Commonwealth governments, as proposed in Mr. Nehru's "Ten Points" last October. This could however, be provided by other means as, for example, by agreement between Governments.

If India insists on the concept of Commonwealth citizenship it is suggested that an effort should be made to have it a desideratum rather than a requirement for Commonwealth relationship, and recognized on a reciprocal basis.

(c) The Indian proposals include a new title for the Commonwealth—"Commonwealth of Free Nations".

Obviously to change the title expressly would raise political difficulties in Canada. It would be much better to have any change in title come by usage rather than by public declaration.

2. India proposes the acceptance of the King as a symbol of free association between Commonwealth nations. Mr. St. Laurent's message to Mr. Nehru expressed the hope that India could retain some link with the Crown. The Indian proposals would permit a link with the King in person, though hardly with the Crown, but this is probably as far as they can be expected to go.

[R.A. MACKAY]

805.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 838

London, April 23, 1949

TOP SECRET

Following for Prime Minister from Pearson, Begins:

The Prime Ministers and I met at Downing Street this morning for two hours. I was accompanied by Mr. Kearney and Mr. MacKay. Mr. Attlee presided and after welcoming us and expressing his appreciation of the efforts we had made to attend, stated that the purpose of the meeting was to determine, if possible, whether and on what basis India, which was now committed to a Republican form of Government, could remain a member of the Commonwealth. Mr. Attlee stated he desired the meeting to be of an informal character and that no verbatim report of what was said would be recorded. He first called upon Mr. Nehru to state India's position towards the Commonwealth, and subsequently invited anybody else who cared to address the meeting, to do so.

2. Mr. Nehru thereupon said in substance but with some elaboration what was contained in my telegram No. 825. Following Mr. Nehru's remarks Mr. Attlee turned to me and asked if I would like to address the meeting. Being the only non-Premier representative present I said I would prefer to defer my remarks until the Prime Ministers present had spoken.

3. Mr. Attlee then called upon Mr. Chifley who indirectly approved of Mr. Nehru's suggestions provided some positive statement would be added thereto that insofar as Australia was concerned, the link of allegiance with the Crown was in no way to be diminished or weakened. Mr. Chifley later confirmed this position in a talk I had with him this afternoon.

4. Mr. Fraser then spoke at some length. In principle he supported Mr. Chifley's views, but stressed the fact that through thick and thin New Zealand and the United

Kingdom could count on each other's support in any emergency. Mr. Fraser stated that in these turbulent times interdependence was more important than independence, and the mere assertion of independence was no guarantee that it would be respected. He characterized Mr. Nehru's suggestion as a valuable contribution towards solution, but made the suggestion that in addition to India recognizing the King as the symbol of Commonwealth unity they should recognize him as the Head of the Commonwealth. If this were done and a declaration were added to Mr. Nehru's statement supporting and reaffirming the link of allegiance in the case of the other members of the Commonwealth, he thought a satisfactory decision could be reached on the point at issue.

5. Dr. Malan spoke next. He read excerpts from a prepared statement and was the only Prime Minister to speak from notes. His remarks caused something of a sensation. He backed more strongly than any other delegate the continuation of India's connection with the Commonwealth notwithstanding its Republican Constitution. He also made a strong and clear statement of South Africa's intention to adhere to the Commonwealth, although in South Africa the link of allegiance to the King was not regarded as the only nor the strongest link which bound South Africa to the other members of the Commonwealth. He said he recognized and accepted India's commitment to become a Republic and he also accepted and welcomed India's declared wish to remain in the Commonwealth as a full member thereof. The Commonwealth, he said, had survived, because of its ability to adapt itself to changing circumstances and by the voluntary relaxation by the United Kingdom of what might otherwise have been regarded as fetters. He concluded by stating that the people of South Africa were conscious of the dangers ahead in the world situation, and that South Africa could not stand isolated and without friends, and that she was anxious that her ties with the Commonwealth should remain. At the conclusion of Dr. Malan's speech, Sir Stafford Cripps observed that it was a remarkable statement, and asked Dr. Malan if a copy of it would be available. Dr. Malan replied in the affirmative, and I hope over the weekend to procure and send you a copy of Dr. Malan's notes, which I think you will find most interesting.

6. The main feature of Mr. Liaquat Ali Khan's statement, which followed next, was a statement that Pakistan, which was guarding its own frontiers at this moment did not consider mere association within the Commonwealth enough. He desired a positive declaration on the part of the Commonwealth nations that they would come to the support of each other in the event of aggression. This remark was open to the interpretation that Pakistan feared aggression not only from U.S.S.R. or Afghanistan but possibly from India. He said everybody wants India in the Commonwealth, but he observed that if India is permitted to be a member and at the same time a Republic, consideration would have to be given to the other Republics not presently connected with the Commonwealth which would like to join it, and he suggested that the conference should give consideration to such eventuality. He remarked that Pakistan's long association with the United Kingdom, though sometimes bitter, nevertheless had the effect of binding his country to the United Kingdom. He concluded by remarking that until he saw Mr. Nehru's proposals in black and white he would have to reserve judgment on them.

7. Mr. Senanayake gave the United Kingdom great credit for the help which it gave to Ceylon in achieving its ambition of a full-fledged nation. Curiously enough Mr. Senanayake took the opposite view to Dr. Malan on the importance of allegiance to the Crown and he said that insofar as Ceylon was concerned it was probably the most important link of all. He said he was inclined to believe that if India were admitted as a republic it would have the effect of weakening rather than strengthening the bonds of the Commonwealth. He suggested no decision with regard to India's position should be taken now, but that India should carry on for the time being and allow more time for difficulties to iron themselves out.

8. I was last to speak. After expressing our regrets at the inability of our Prime Minister to attend the conference, I pointed out that in the past the Commonwealth had proved its adaptivity in meeting changing situations as they arose, and that I hoped it would be able to do so again. I observed that the Commonwealth was founded on freedom and equality. The question now before us was, did the freedom enjoyed by each member include its right to declare itself a Republic and remain within the family. I added that the nations of the Commonwealth also enjoyed full equality of status which meant that there should be no inner or outer circle of membership. Canada, I said was satisfied with the Crown and wished to maintain it, and it was important for us that no one should gain the impression from this conference that Canada's link with the Crown was being weakened or changed. This link reflected the history, sentiments and feelings of the member states and therefore it might vary in strength in the different countries. Heretofore it had been not only the source of common allegiance but also a symbol of the association of the nations which composed the Commonwealth. India although not wishing to be bound by allegiance, nevertheless desired to continue its close and friendly association with the rest of us and agreed to retain the Crown as the symbol of this association. The Canadian Government would welcome Mr. Nehru's statement to this effect because it hoped that India could remain in the Commonwealth. In the course of my remarks, I incidentally mentioned that I did not think that the question raised by Mr. Liaquat Ali Khan of if or how Republics not now connected with the Commonwealth might be admitted to it, was of sufficient immediate importance to be dealt with at this conference. Quite a few at the conference table nodded their assent. I concluded by saying that I was confident that this conference would be capable of finding a solution which would permit India to remain as a Commonwealth member.

9. Mr. Attlee then put to the conference the question of the next meeting. It was suggested that Mr. Attlee, in consultation with Mr. Nehru, would prepare a memorandum setting out Mr. Nehru's proposals and coordinating the views expressed by the various representatives, and circulate it as soon as possible among the Prime Ministers so that between now and Monday next they might use it for purposes of discussion and consultation. The next meeting of the conference was then set for Monday, the 25th, at 2.30 p.m.

10. It struck me as rather curious that the younger dominions, namely Pakistan and Ceylon, gave the least support to Mr. Nehru's suggestions and that South Africa with whom India is at loggerheads, should turn out to be its strongest supporter. From my private talks with Mr. Attlee, I know that the United Kingdom

Government is pleased with Mr. Nehru's attitude, and I believe that subject perhaps to some slight modification, the Prime Ministers of the older Commonwealth countries are prepared to agree to India remaining in the Commonwealth on the basis of Mr. Nehru's proposals. I am going to take the earliest opportunity to discuss with my colleagues from Australia, New Zealand and South Africa, the implications of Commonwealth citizenship as one of the essentials of Commonwealth membership. As Mr. Wershof has given considerable study to the examination of Commonwealth citizenship, and I find he can be spared from Geneva for a few days, I have arranged for him to fly to London for immediate consultation. See my immediately following telegram. Ends.

806.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 839

London, April 23, 1949

TOP SECRET

Following for the Prime Minister from Pearson, Begins: Referring to my immediately preceding telegram the following is the memorandum from the Prime Minister of the United Kingdom. Begins:

"I was asked to put forward, in the light of the views expressed at this morning's meeting and after further consultation with the Prime Minister of India, some specific proposals which might be taken as a basis for further discussion at our meeting on Monday next.

After discussion with Pandit Nehru I submit the following proposals for consideration.

2. The Government of India should make a declaration in the following terms: 'Whereas the new Constitution of India provides that India shall be a sovereign independent Republic, the Government of India hereby declare and affirm India's continuing membership of the Commonwealth of Nations, as now subsisting by the free will of its member peoples, and their acceptance of the King, Head of the Commonwealth, as the symbol of the free association of the independent member nations within the Commonwealth.'

3. The other Commonwealth Governments should, in reply to this, make a declaration on the same day in the following terms:—

'The Government of India having informed the other members of the British Commonwealth of Nations of the impending setting up of a sovereign independent Republic of India under the new Constitution to be adopted by the Indian people and of India's desire to continue as a member of the Commonwealth of Nations, and having made a solemn declaration of intention so to continue upon the conditions set forth in their declaration of today's date:

All the other members of the Commonwealth of Nations, being the United Kingdom of Great Britain and Northern Ireland, Canada, Australia, New Zealand, South Africa, Pakistan, and Ceylon, do themselves severally and jointly proclaim and declare their continued membership of the Commonwealth of Nations wherein they are bound in unity by their common allegiance to the King, who is also the symbol of their free association, and do accept and recognize India's continuing membership of the Commonwealth of Nations in accordance with the terms of the declaration of today's date by the Government of India.'

4. The foregoing would be public declarations, to be promulgated by the respective Governments. In addition, the present meeting would be invited to place on record their agreement that the special status of Commonwealth countries inter se will be distinguished, by all Commonwealth countries, through:

(a) Legislation adopting the scheme of Commonwealth citizenship embodied in the British Nationality Act, 1948,

(b) Provisions in treaties and legislation making it clear that the other countries of the Commonwealth will not be treated as foreign countries or their citizens as foreigners. C[lement] R. A[tlee].” Ends.

2. I hope to send some comments later in the day. Message ends.

807.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 842

London, April 23, 1949

TOP SECRET

Following for the Prime Minister from Pearson, Begins: Referring to my telegram No. 838, paragraph 5, the following is the statement made by the Prime Minister of South Africa at the meeting on April 22nd, Begins:

“The question at issue is whether India after becoming a Republic shall be allowed to retain her membership of the Commonwealth, and consequently whether the existing Commonwealth basis shall be broadened accordingly. As this is obviously the main point for discussion and decision, other schemes for the continuance of friendly relations with an India outside the Commonwealth must necessarily be considered as alternatives of secondary importance.

In order to arrive at a well-founded and defensible conclusion it is first of all necessary to have a clear conception of all the facts, and more especially of India's standpoint; of the effect which her exit as a member will have on the rest of the Commonwealth; of the real content of the existing Commonwealth basis, and of the significance of the Crown as a necessary symbol and binding power of Commonwealth association.

As far as India's standpoint is concerned, we have every reason to accept as final her decision to become a Republic. The unanimity with which that decision was taken, as well as the subsequent public commitment of her leaders have made the step inevitable and irrevocable. At the same time we have also to accept as a fact India's expressed desire to remain within the Commonwealth on equal terms with the other independent nations, with which she has so far been associated.

The fact that this desire has been expressed and is actually being considered by this conference, is from various points of view certainly to be welcomed. It at any rate indicates an underlying unity and cohesiveness among the members of the Commonwealth in spite of diversity, which to the outside world must be as impressive as it probably is unexpected.

It must, I think, be obvious to every observer that in spite of the recent internal developments the cohesive power of the Commonwealth has been proved beyond all shadow of doubt. Eire has declared herself as a republic but at the same time she has shown herself to be regarded not as a foreign nation but as the intimate and exclusive associate, though outside the family-circle. What she would have done if she had been allowed to cross the doorstep, can only be conjectured. In the case of India the Commonwealth's cohesiveness has again been put to the test, and with the same result. Common allegiance to the Crown has thus definitely been shown not to be the only, and not even the strongest link, which binds the Commonwealth together.

I would be the last to minimise the importance of the Crown as a symbol of the Commonwealth association and as its binding link. It must, however, not be forgotten that the gradual relaxation of that particular bond is naturally concomitant with the growth of that consciousness among Commonwealth nations of their own separate nationhood, which has been such an outstanding feature in the history of their external relations during the last three or four decades. We must also not lose sight of the fact that however much the Crown is and can be a unifying power in the United Kingdom, where the King, besides being the head of the Commonwealth, is also the ever-present head of the state-in close contact with his people, and that however much, though to a lesser extent, this may be the case in Commonwealth countries with a more or less uniform population of British descent, the position in other Commonwealth countries not so situated is, and must naturally be, different. South Africa is in this respect an example. In such countries national unity, which must be the principal aim of every nation, cannot be achieved by the accentuation of an external constitutional connection, which is apt to become a bone of contention between various sections, but rather by its elimination or at least by its attenuation. Such, I take it, have been the circumstances in Eire and in India and has been the underlying motive of their action. Looked at from this point of view the Crown does, under certain conditions, certainly serve as a useful and necessary link between members of the Commonwealth. In other circumstances, however, the allegiance which is demanded may tend to have the contrary effect.

The cohesiveness of the Commonwealth of which I have spoken, results from something obviously less tangible, but certainly more potent, than common allegiance to the Crown. It is partly due to tradition. To a greater extent it emanates from

the consciousness of a common outlook and way of life, coupled with the sense of a community of interests, which covers a wide field. The most important source from which it springs is, however, to my mind, the Commonwealth's adaptiveness to changing circumstances, and her respect for freedom and liberty. Rigidity in her Constitution or the imposition of restrictions on the free development or the self-determination of her constituent members, would long ago have spelt her destruction. Her genius for adaptation has been and is undoubtedly the main cause of her survival. By willingly relaxing ties, which otherwise might have been felt as fetters, she has succeeded in capturing the spirit. A further step in the same direction by the broadening of the Commonwealth basis, can do her no harm, but will in my opinion ensure her continued existence, preserve her integrity, enhance her prestige and increase her usefulness and power in the world.

In conclusion, I wish to assure the conference that the people of South Africa are fully conscious of the seriousness of the world situation and of the dangers that lie ahead. All sections, with few exceptions, realize that South Africa cannot stand isolated, but must have friends and must find them generally, it is true, among the likeminded nations of the world, but more especially too in the inner circle of the free and independent nations of the Commonwealth. Within that Commonwealth she desires to remain as long as the Commonwealth herself remains true to her own spirit and basic principles, and can find room for her, whatever course her free development in future may take, within that inner circle of sister-nations, to which she now belongs. In such an association South Africa may ultimately find not only her international security and strength but also her complete national unity." End of statement. Message ends.

808.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 845

London, April 23, 1949

TOP SECRET

Following for the Prime Minister from Pearson, Begins: Referring to my telegram No. 839, I had a brief discussion with Liaquat Ali Khan this morning about the proposed statement. He is not at all satisfied with it and says that it would compel his Government to come out for a Republic almost immediately.

2. I also gather from Bajpai that the Indian delegation is not entirely satisfied. In any case it appears that the statement has not yet been approved by Nehru.

3. My own preliminary views are that the statement may serve as a basis for discussion but that both in form and content it needs substantial amendment. A double statement of the type proposed puts India on one side and the rest of the Commonwealth on the other, and I am inclined to think that a single statement agreed to by all Governments would be preferable. The implications of the words

"Head of the Commonwealth" as now proposed will, I think, also require careful consideration.

4. With regard to paragraph 4 (a) of the statement, if reference is made to Commonwealth citizenship, I feel that it should be carefully restricted to refer only to Section 1 of the British Nationality Act which provides that the term Commonwealth citizen shall mean the same as British subject. It might also be desirable to re-affirm the right of each Commonwealth nation to decide on the content of the term Commonwealth citizen insofar as it is concerned, and to have exclusive control over its immigration.

5. We shall probably have some discussions with other delegations over the weekend. Ends.

809.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
à l'assistant spécial du premier ministre*

*Secretary of State for External Affairs
to Special Assistant to Prime Minister*

TOP SECRET

[Ottawa], April 25, 1949

COPY OF TELEPHONE MESSAGE FROM MR. PEARSON TO MR. PICKERSGILL

South Africa does not like the words "head of the Commonwealth" but has not suggested any alternative and would prefer to leave them out but recognize that it would be difficult.

Pakistan does not like the statement "whose membership of the Commonwealth is not hereby changed" and would prefer to substitute "relationship" for "membership" and those two points are still to be considered.

There would be an agreed statement, not to be published, which would declare that something would be done for Commonwealth citizenship and for the maintenance of preferences.

810.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 763

Ottawa, April 25, 1949

TOP SECRET

Following for Pearson. Begins. The Prime Minister has read your telegrams to him ending with No. 845 of April 23 regarding India and the Commonwealth, and agrees strongly that it would be a mistake to have two separate declarations as pro-

posed in Mr. Attlee's memorandum. He would therefore like you to propose or give full support to a single statement to be agreed to by all governments. Ends.

811.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 853

London, April 25, 1949

TOP SECRET

Following from MacKay, Begins:

At meeting at Downing Street this afternoon the United Kingdom Government came forward with new draft declaration which is an attempt to meet points of view expressed to them in bilateral conversation. The new draft reads as follows:

"The Government of India have informed the other Governments of the British Commonwealth of Nations that India will shortly become a Sovereign Independent Republic under the new constitution to be adopted by the Indian people. At the same time they have declared and affirmed India's desire to continue her membership of the Commonwealth and her recognition of the King, Head of the Commonwealth, as the symbol of the free association of the independent member nations within the Commonwealth.

The other members of the Commonwealth, while making no change in the existing basis of their relations with one another and with the Crown, accept the declaration of the Government of India as the basis of India's continuing membership of the Commonwealth."

2. Chifley and Fraser criticized this draft on the grounds that it did not state strongly enough that there was no change in relationship to the Crown on the part of other members. Malan disliked "Head of the Commonwealth" since it might be deemed to imply existence of a super-state. He said he would have preferred India to retain allegiance to the Crown since the Crown could be interpreted as one or several. So far as South Africa was concerned, the Crown must be deemed several. Nehru was inclined to agree with Malan's objection to the term "Head of the Commonwealth" because a super-state might be thereby inferred, and he considered that it should be made clear that this was not so. Nehru also expressed a preference for a single declaration by all members of the Commonwealth. Mr. Pearson suggested that it would be preferable to drop the term Head of the Commonwealth or indicate that the King is the symbol of free association and as such Head of the Commonwealth, but neither proposal was very favourably received.

3. At this point Senanayake intervened to say that while he could accept the first paragraph of the new statement he did not feel he could accept the second. He argued strongly for a simple statement accepting India's changed membership, and against including any statement that would indicate that other members wanted no

change. He said that if such a statement were included he would be put in a very difficult position since it could be alleged that Ceylon would have less rights than India.

4. Liaquat Ali Khan and Zafrulla Khan supported Senanayake. They asked whether in the event of any other member of the Commonwealth wishing to adopt a Republican Constitution it must come back and ask for the consent of all the others. Chifley, Fraser and Cripps were disposed to answer affirmatively, saying that India's case should be regarded as an exception. Senanayake asked whether this was on the grounds of India's importance. Cripps replied that he could not imagine any Prime Ministers' conference refusing any other member the right, but thought that it should be a matter for discussion.

5. Chifley, Nehru and Senanayake all produced alternative drafts. Mr. Pearson had one in reserve but did not produce it.

6. After agreeing that the Chairman might produce a new draft in the light of discussions, the meeting adjourned at 5 p.m. to reassemble at 9 p.m. Mr. Pearson was asked by Mr. Attlee to assist in the drafting.

7. At the conclusion of the meeting Kearney had a conversation with Zafrulla Khan. The latter declared that Pakistan did not intend to accept Mr. Attlee's original draft declaration nor the subsequent redraft because Pakistan would refuse to declare that they intended to continue allegiance to the King, and that if necessary he would propose an amendment to the effect that Pakistan was in the course of preparing a new Constitution, and that Pakistan agreed to India remaining in the Commonwealth notwithstanding the latter's Republican Constitution. He did not however go so far as to say that he would inform the meeting that Pakistan would adopt a Republican Constitution similar to that of India.

8. A feature of the discussion which impressed an on-looker was Nehru's amenability. He seemed disposed to agree to any draft which recognized India's membership in the Commonwealth notwithstanding a Republican Constitution.

9. If any definite draft results from tonight's meeting we shall send it forward as early as possible in the morning. Ends.

812.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, April 26, 1949

COMMONWEALTH RELATIONS; LONDON MEETING

1. *The Prime Minister* read the latest draft statement which had been substantially agreed by the London meeting of Commonwealth Prime Ministers and representatives.

The Prime Minister of South Africa did not favour the words "head of the Commonwealth" to describe the King, whereas both the Australian and New Zealand

Prime Ministers felt that the maintenance of the King as head was essential to the viability of the Commonwealth.

The Prime Minister of Pakistan had suggested that the sentence, "The Governments of the other countries of the Commonwealth, the basis of whose *membership* is not hereby changed,..." be amended to read, "The Governments of the other countries of the Commonwealth, the basis of whose *relationship* is not hereby changed,..." The amendment proposed by Pakistan did not seem one of substance.

It was understood that, in addition to the public statement, there would be an unpublished agreed statement relating to Commonwealth citizenship. Under the British Nationality Act, "Commonwealth citizenship" and "British subject" had, in effect, the same meaning.

It was further understood that present Commonwealth tariff arrangements would not be affected by the results of the London meeting.

Pakistan had requested assurance that it would get similar treatment to that presently being accorded India in the eventuality of a republican constitution being established in Pakistan.

2. *Mr. St. Laurent* suggested that the draft statement might be improved by the deletion of the word "however" from the first line of the third paragraph.

3. *Mr. St. Laurent* further reported that Sir Stafford Cripps had said that he would welcome the opportunity to discuss economic matters of mutual concern to the United Kingdom and Canada with Mr. Howe during the latter's stay in London.

4. *The Minister of Trade and Commerce* said that he would arrange to see both Sir Stafford Cripps and Mr. Pearson.

5. *The Cabinet*, after discussion, noted the reports by the Prime Minister and the Minister of Trade and Commerce, and agreed that the Secretary of State for External Affairs be notified immediately of the government's concurrence in the following draft statement being made jointly by the various Commonwealth Governments:

"The Governments of the United Kingdom, Canada, Australia, New Zealand, South Africa, India, Pakistan and Ceylon, whose countries are united as members of the Commonwealth of Nations and owe a common allegiance to the Crown which is also the symbol of their free association, have considered the impending constitutional changes in India.

The Government of India have informed the other Governments of the Commonwealth of the intention of the Indian people that under the new constitution which is about to be adopted, India shall become a sovereign, independent republic.

The Government of India have, however, declared and affirmed India's desire to continue her full membership in the Commonwealth and her acceptance of the King as the symbol of the free association of independent nations and, thus, the head of the Commonwealth.

The Governments of the other countries of the Commonwealth, the basis of whose membership is not hereby changed, accept and recognize India's continuing membership in accordance with the terms of this declaration.

Accordingly, the United Kingdom, Canada, Australia, New Zealand, South Africa, India, Pakistan and Ceylon hereby declare that they remain united as free and independent members of the Commonwealth of Nations, freely co-operating in the pursuit of peace, liberty, and progress."

813.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 875

London, April 27, 1949

TOP SECRET

Commonwealth Conference: Below is approved text of the press communique on the Commonwealth meetings which is to be given to the press for release at 2 a.m. British Summer Time Thursday, April 28th, with an embargo on publication by BBC or otherwise before that time. Assuming Daylight Saving Time is in effect in Ottawa, this will, of course, be 9 p.m. Wednesday evening. The release time has been agreed by representatives of all Commonwealth countries and it is important that there should be no, repeat no, leak before that time.

Text of communique begins:

During the past week the Prime Ministers of the United Kingdom, Australia, New Zealand, South Africa, India, Pakistan, and Ceylon, and the Canadian Secretary of State for External Affairs have met in London to exchange views upon the important constitutional issues arising from India's decision to adopt a republican form of constitution and her desire to continue her membership of the Commonwealth.

The discussions have been concerned with the effects of such a development upon the existing structure of the Commonwealth and the constitutional relations between its members. They have been conducted in an atmosphere of goodwill and mutual understanding, and have had as their historical background the traditional capacity of the Commonwealth to strengthen its unity of purpose, while adapting its organization and procedures to changing circumstances.

After full discussion the representatives of the Governments of all the Commonwealth countries have agreed that the conclusions reached should be placed on record in the following declaration:

"The Governments of the United Kingdom, Canada, Australia, New Zealand, South Africa, India, Pakistan and Ceylon, whose countries are united as members of the British Commonwealth of Nations and owe a common allegiance to the Crown, which is also the symbol of their free association, have considered the impending constitutional changes in India.

The Government of India have informed the other Governments of the Commonwealth of the intention of the Indian people that under the new constitution

which is about to be adopted India shall become a sovereign independent Republic. The Government of India have however declared and affirmed India's desire to continue her full membership of the Commonwealth of Nations and her acceptance of the King as the symbol of the free association of its independent member nations and as such the Head of the Commonwealth.

The Governments of the other countries of the Commonwealth, the basis of whose membership of the Commonwealth is not hereby changed, accept and recognize India's continuing membership in accordance with the terms of this Declaration.

Accordingly, the United Kingdom, Canada, Australia, New Zealand, South Africa, India, Pakistan and Ceylon hereby declare that they remain united as free and equal members of the Commonwealth of Nations, freely co-operating in the pursuit of peace, liberty and progress."

These constitutional questions have been the sole subject of discussion at the full meetings of Prime Ministers. Ends.

2. Mr. Pearson will make a recording for BBC, which may be repeated over news roundup after 10.15 p.m. CBC newscast tonight. He thought the Prime Minister might wish to make a statement on the meetings in Parliament this evening.³¹ If so, the statement should not, repeat not, be made before 9 o'clock Ottawa DST.

814.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 877

London, April 27, 1949

TOP SECRET

Commonwealth Conference: Below are the agreed Minutes on the points raised by the Prime Minister of Pakistan and the Prime Minister of South Africa referred to in a previous telegram and in telephone conversation between the Prime Minister and Mr. Pearson.

Agreed Minute suggested by the Prime Minister of Pakistan, Begins:

In answer to a question put by the Prime Minister of Pakistan whether another member of the Commonwealth could continue membership of the Commonwealth under conditions identical with those which had been accepted in respect of India, it was put on record as the opinion of the meeting that, while it was not possible to bind future meetings or Governments, it could be logically assumed that a future

³¹ Pour les textes de la déclaration de St-Laurent et de l'émission radiophonique de Pearson voir: *Déclarations et Discours*, No. 49/20.

For the texts of St. Laurent's statement and Pearson's broadcast, see *Statements and Speeches*, No. 49/20.

meeting would accord the same treatment to any other member as had been accorded to India by this meeting. Ends.

Agreed Minute suggested by the Prime Minister of South Africa, Begins:

In reply to a question raised by Dr. Malan, the meeting agreed that it should be placed on record that the designation of the King as Head of the Commonwealth does not connote any change in the constitutional relations existing between the members of the Commonwealth and, in particular, does not imply that the King discharges any constitutional function by virtue of that headship. Ends.

2. These minutes will be placed on the record and will not be part of the published report of the meetings. Ends.

815.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 878

London, April 27, 1949

TOP SECRET

Commonwealth Conference: Below is the agreed minute on preferential treatment referred to in a previous telegram; Begins:

The meeting agreed that:

(1) All the countries of the Commonwealth of Nations should continue to regard themselves as not foreign in relation to one another.

(2) Each Government within the Commonwealth of Nations should take such steps as may be necessary, whether by legislation or otherwise, to enable it to maintain the right to accord preferential treatment, as has been customary, to the citizens and trade of other Commonwealth countries; but each Government would remain free to determine the extent of that preferential treatment and the precise method of according it. Ends.

816.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 881

London, April 27, 1949

TOP SECRET

Following for Prime Minister from Pearson, Begins:

After this morning's meeting the Prime Ministers and I went to Buckingham Palace where we were received by the King. After congratulating His Majesty on our behalf on his wedding anniversary, Mr. Attlee, as Chairman of the meeting, read to the King the proposed press statement. The King replied expressing his great satisfaction at the success of our meeting as yet another proof of the strength and adaptability of the Commonwealth association. Afterwards, we chatted together informally for half an hour, His Majesty devoting a good deal of his time to Mr. Nehru. It was a very friendly and informal occasion during which Dr. Malan told the King that the spirit of the meeting had been very fine, and expressed his satisfaction at the results.

2. When I said good-bye to the Prime Ministers they all asked me to send to you, as well as to Mr. Mackenzie King, their warm regard. I hope you will feel, as I do, that the results of our discussions have been important and encouraging. Ends.

817.

DEA/50017-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 894

London, April 28, 1949

TOP SECRET

Commonwealth meetings.

At the closing session of April 27th there was a brief discussion on the King's title. The United Kingdom brought forward for purposes of discussion a memorandum† along the lines of the Canadian Government's previous suggestion that there should be a local variable in the title. For example the title for Canada would read:

"George the Sixth (by the Grace of God) King of Canada and of his other Realms and Territories, Head of the Commonwealth, (Defender of the Faith)."

2. These proposals met with general acceptance except from the Prime Minister of New Zealand who felt that the present title was satisfactory, and that change might give rise to political difficulties. New Zealand would no doubt acquiesce in the proposed change.

3. No conclusion was reached by the meeting, the matter being left for further discussion, presumably by correspondence. It was felt that there was no great urgency about the change especially since it might be presumed that the action taken by Ireland had to all intents and purposes extinguished the title as far as Ireland is concerned.

818.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, May 3, 1949

MEETING OF COMMONWEALTH PRIME MINISTERS

3. *The Secretary of State for External Affairs*, referring to discussion at the meeting of April 27th, reported briefly on the recent conference of Commonwealth Prime Ministers.

From Canada's standpoint, the problem had been solved when India indicated willingness to accept the King as the symbol of Commonwealth association. Some divergence of view had been observed between Australia and New Zealand on the one hand, who suggested that India be regarded as a special case, and Pakistan and Ceylon on the other, who wanted principles to be established which would apply to them. It was not unlikely that in due course Pakistan and Ceylon would wish to become republics.

The question of Commonwealth citizenship had been raised but had not been pursued. Some discussion had taken place as to the method of presentation to the King of the conclusions that had emerged from the conference, some holding the view that this was an occasion for submission of collective advice. This view had not prevailed and the Chairman had simply read to the King the text of the declaration and the King had made a speech in reply.

4. *Mr. Pearson*, referring to discussion at the meeting of February 7th, mentioned that, near the conclusion of the conference, the question of a change in the Royal Style and Titles had been raised.

The U.K. Prime Minister had put forward the suggestion originally made by the Canadian government, the effect of which would be to use separate titles for different countries of the Commonwealth. The title suggested for Canada would be along the following lines:

"George the Sixth, King of Canada and of His other Realms and Territories,
Head of the Commonwealth"

No conclusion had been reached on this matter but the various Prime Ministers had undertaken to consider it and offer their views.

(Telegram No. 894, Canadian High Commissioner to the U.K. to the Secretary of State for External Affairs, Apr. 28, 1949).

5. *Mr. Pearson*, in reply to an enquiry from the Minister of National Defence, added that there had been no discussion on the conclusions about Commonwealth consultation reached at the Prime Ministers' conference of October, 1948. It was unlikely that these questions would be revived in the near future.

6. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs on the recent conference of Commonwealth Prime Ministers

regarding constitutional changes in the Commonwealth and the suggested change in the Royal Style and Titles.

819.

DEA/50017-40

*Le chef, direction du Commonwealth
au sous-secrétaire d'État aux Affaires extérieures
Head, Commonwealth Division
to Under-Secretary of State for External Affairs*

SECRET

London, May 4, 1949

RE: COMMONWEALTH MEETINGS—POSITION OF SOUTH AFRICA

Dear Mr. Heeney,

It will be recalled that Dr. Malan made a rather remarkable statement regarding South Africa's position in the Commonwealth at the opening meeting. A copy of the statement was forwarded in telegram No. 842 of April 23rd.

This statement was generally assumed by the meeting to be a strong statement in favour of India remaining in the Commonwealth despite the adoption of a republican constitution. This at least was the impression of the Canadian Delegation, as indicated in Mr. Pearson's telegram to the Prime Minister, No. 838 of April 22nd, paragraph 5. This impression perhaps needs to be qualified for the purpose of the record.

Before the first meeting, Mr. Pearson saw Dr. Malan, and I think also Mr. Forsyth, Secretary for External Affairs. Mr. Pearson subsequently reported to Mr. Kearney and me that he had gathered the impression that South Africa was not very enthusiastic about India remaining in the Commonwealth. We were therefore somewhat surprised by Dr. Malan's statement at the first meeting and perhaps interpreted it as a real change of heart.

Before the second formal meeting I had an hour or so with Mr. Forsyth in which we discussed the first draft statement which had been circulated by the United Kingdom authorities. Like us, the South African Delegation found this statement quite unsatisfactory, but for different reasons. Mr. Forsyth appeared to see no objection to placing India in a separate category if it remained within the Commonwealth. On the other hand, he said quite frankly, "as one official to another" that he foresaw serious difficulties if India were to remain. In this connection he mentioned particularly the large Indian population in South Africa and he also intimated that at best India would be a very uncertain partner in the event of any serious world crisis. He said quite frankly that Dr. Malan's statement had been made for "tactical reasons." He said that South Africa was reasonably content with the present settlement with regard to its relations with the Commonwealth, and that obviously in the present world crisis they had to associate themselves with Commonwealth countries and the United States. He said further, that they were not prepared to share all defence information with India. He implied however that South Africa could not take the responsibility for excluding India. He said that he had suggested to Dr.

Malan that he raise in the meeting, (1) what India meant by accepting the King but not the Crown (Dr. Malan did raise this question, but in a general way and not in a direct question addressed to Mr. Nehru) and (2) what advantage India saw in continuing as a member of the Commonwealth. As I recall it, Mr. Fraser raised the second question, rather than Dr. Malan. Mr. Nehru replied quite frankly that he hoped to be able to influence British policy in Asia, which he regarded as not entirely satisfactory.

A careful reading of Dr. Malan's statement would seem to indicate that it is not inconsistent with the views expressed by Mr. Forsyth, or with the interpretation that it was a "tactical" move. The statement accepts that India's decision to be a republic is irrevocable and notes that Ireland having made a similar decision had found it necessary to leave the Commonwealth although continuing a special relationship with its members. While noting that the Crown has been "a useful and necessary link" it points out that it has not always been a unifying factor internally. (In the discussions Dr. Malan stressed on several occasions that the Crown was divisible, and implied that so far as this was recognized the Crown, as a link, was quite acceptable to South Africa.) On the other hand the statement notes that the cohesiveness of the Commonwealth "results from something obviously less tangible, but certainly more potent, than common allegiance to the Crown. It is partly due to tradition. To a greater extent it emanates from the consciousness of a common outlook and way of life, coupled with the sense of a community of interests, which covers a wide field." The statement emphasizes the Commonwealth's adaptiveness to changing circumstances, but concludes with an affirmation of South Africa's intention to continue. It may be noted that nowhere does it urge continuance of India as an equal member, or even as a member at all.

Whether Dr. Malan was out-manoeuvred; or whether he was satisfied with Nehru's explanation of India's reasons for remaining and the Agreed Minute that the King, as Head of the Commonwealth, has no constitutional functions, and that on these grounds there was no harm in India continuing as a member; or whether he was caught between the dilemma of resting on the status quo and at the same time keeping the door open for a republican constitution for South Africa, I am not able to say. This letter may however serve as a footnote to the proceedings of the meetings.

Yours sincerely,
R.A. MACKAY

820.

DEA/50017-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Afrique du Sud*

*Secretary of State for External Affairs
to High Commissioner in South Africa*

DESPATCH 109

Ottawa, May 16, 1949

TOP SECRET

Sir,

I have the honour to refer to your despatch No. 303 of April 23[†] which analyzed the press reactions to the decision of Dr. Malan to attend the recent meeting of Commonwealth Prime Ministers. The views which you quoted and your interpretation of them have been found interesting and helpful in understanding the attitude of the present South African Government to the relationship of South Africa with the Commonwealth. Copies of your despatch are being sent to all our missions in Commonwealth countries and it is being circulated in the Department.

2. I think you are aware that Dr. Malan made a remarkable contribution to the meeting in London. At the first full meeting on April 22, he read a prepared statement in which he gave strong support to the continuation of India's connection with the Commonwealth, notwithstanding its proposed adoption of a republican constitution. His statement was, at the suggestion of Sir Stafford Cripps, made available to those attending the meeting and I am enclosing a copy of it for your confidential information. It would seem inadvisable for you to let it be known that the text has reached you. In my B.B.C. broadcast speech on the evening of April 27, a copy of which was sent to you with my despatch No. 127 of May 5,[†] I mentioned that Dr. Malan's wise counsel was of great assistance in reaching the conclusions of the meeting.

3. As you are also aware, from my despatch under reference, Dr. Malan had a minute agreed to on the meaning of the term "Head of the Commonwealth". He disliked this term because it might be deemed to imply the existence of a super-state. It has been noted in a Reuters press report from Cape Town of May 11 that "Dr. Malan disclosed that it was at his request that the London conference adopted the resolution stating that the position of the King as Head of the Commonwealth did not imply a change in the rights of its members." We do not know from this whether the agreed minute, which it had not been intended to publish, has in fact been released in South Africa. It appears rather that its general nature has become known there, but we would be interested to learn whether the text of it was made generally available.

In the same news item, Dr. Malan said that, while South Africa is united in its wish to remain in the Commonwealth in any circumstances, he still believed that the South African people, both the English-speaking and the Afrikaans-speaking, would achieve their greatest unity under a republic within the Commonwealth. In the *Times* of London of May 7, he was also quoted as saying that the declaration of

the London meeting would serve to bring the two sections in South Africa together. These remarks appear to lend support to the views expressed in your despatch, particularly paragraph 8, on Dr. Malan's position prior to the outcome of the London meeting.

5. I am enclosing a copy of Mr. MacKay's letter to Mr. Heeney of May 4, in which Mr. MacKay expressed certain qualifications to what on the surface appeared to be enthusiastic South African support for India remaining in the Commonwealth.

I have, etc.

A.D.P. HEENEY
for Secretary of State
for External Affairs

821.

DEA/50017-40

*Note du chef, direction du Commonwealth
au sous-secrétaire d'État aux Affaires extérieures*
*Memorandum from Head, Commonwealth Division
to Under-Secretary of State for External Affairs*

[Ottawa], May 27, 1949

LONDON DECLARATION ON INDIA AND THE COMMONWEALTH

It has been observed in the issue of April 30 of the Weekly Newsletter of the South African Information Office that the brief account on the declaration issued by the London meeting of Commonwealth Prime Ministers included this sentence:

"At the request of the Union's Prime Minister, Dr. D.F. Malan, the Conference declared that no change had been made in the constitutional relations between the members of the Commonwealth and that the King did not discharge any constitutional function by his Headship of the Commonwealth."

It is thus evident that the South Africans wasted no time in making use of the Minute agreed to at the London meeting at the request of Dr. Malan, which it had been decided not to publish. It was the understanding of the meeting that he could make use of this Minute if he thought it necessary to do so. It is perhaps significant of the internal political situation in South Africa that the Minute was substantially reproduced in a government publication in Pretoria immediately after the close of the Conference.

2. In a statement in the House of Assembly on May 11, Dr. Malan said that he felt it necessary at the Conference to make clear that the "Head of the Commonwealth" implied no formal constitutional function, or in other words, that it did not in any way suggest that the Commonwealth was or resembled a super-state. He added that he found, rather to his surprise, complete unanimity among the Prime Ministers on this point.

R.A. M[ACKAY]

4^e PARTIE/PART 4

PRÉPARATIONS POUR LA RÉUNION DES MINISTRES
DES AFFAIRES ÉTRANGÈRES
COLOMBO, JANVIER 1950
PREPARATIONS FOR MEETING OF FOREIGN MINISTERS,
COLOMBO, JANUARY 1950

822.

DEA/50081-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], November 16, 1949, 1949

COMMONWEALTH FOREIGN MINISTERS' CONFERENCE IN COLOMBO

The Prime Minister of Ceylon by circular telegrams to the Prime Ministers of the other Commonwealth countries (No. 375 of November 8 to Canada—copy attached)† proposed that a foreign affairs conference be held at Colombo, preferably from January 11 to 21, 1950. The telegram refers to the discussion on Commonwealth consultation at the October, 1948 meeting of Prime Ministers and states, "At that time I invited the Commonwealth Prime Ministers to hold the first of these meetings in Ceylon which you will recall received general approval at the time."

2. While Canadian Governmental policy has consistently been opposed to the development of Commonwealth consultation on a regular or formalized basis, and while Canada has a smaller interest than other Commonwealth countries in most of the problems which will probably be discussed in Colombo, it would appear advisable for Canada to be represented at ministerial level for the following reasons:

i. Canada's absence might be interpreted as a lack of interest in Commonwealth consultation and in Commonwealth ties. It might also be regarded as indicating an almost exclusive reliance on our relationship with the North Atlantic Treaty powers and above all with the United States.

ii. Canada's absence from the conference held in Ceylon might further be regarded as a slight by the three new Asian members of the Commonwealth and certainly as a lack of interest in the problems with which they are faced.

iii. Ceylon, being excluded from membership in the United Nations (by the Soviet vote veto and despite the best efforts of other Commonwealth members) presumably feels rather isolated and therefore sensitive.

iv. Although Canada has a lesser interest than other Commonwealth countries in such matters as: (a) the Communist menace in Asia, (b) general security problems in the Pacific, and (c) assistance in the economic development of the sub-continent of India,—all of which will undoubtedly be discussed at the conference—nevertheless Canada's interest in these matters is substantial.

v. South Africa's non-attendance due to alleged unavailability of a minister during parliamentary session might be interpreted in some quarters as the result, in part at least, of that government's racial policy and the difficulties over the treatment of Indians resident in South Africa. It would be most unfortunate if Canada were regarded as in any way connected with South Africa in this respect.

3. Agenda

The Prime Minister of Ceylon has asked for suggestions from the other Commonwealth Prime Ministers as to items to be put on the agenda but himself proposes that in addition to a general review of the international situation, including economic aspects, and the situation in Europe, discussion might take place on the Japanese Peace Treaty, the situation in China and any special problems of South East Asia which may be brought up. It is thought that it might be useful to have economic experts "to take stock of the general balance of payments position of the sterling area as a whole in the light of all that has happened since the Finance Ministers' meeting last July."

4. Replies from other Governments

i. *United Kingdom*—Mr. Attlee, who had been consulted in advance by the Prime Minister of Ceylon, has welcomed and accepted with pleasure the kind invitation, adding, "I earnestly trust that other Commonwealth Governments will equally find your proposals acceptable and that we may look forward to a fruitful meeting." Consideration is being given to the attendance of both Mr. Bevin and Mr. Noel-Baker.

ii. *Australia*—Dr. Evatt's telegram read in part, "As you will recall, I have always been strongly in favour of frequent meetings of Foreign Ministers of British Commonwealth countries." Canada House telegram No. 2198 of November 14th states, "Australia had, of course, 'jumped the gun' with what the Commonwealth Relations Office regard as Dr. Evatt's premature announcement of the conference and the Australian Government is understood here (in London) to be not only favourable to the proposal but anxious to convey the public impression that Australia is virtually assuming leadership of Commonwealth co-operation in this area." The Australians will be unable to name their delegates until after the national elections on December 10.

iii. *New Zealand*—Mr. Fraser has supported in principle the proposal for the conference and hopes to arrange for New Zealand representation at ministerial level. The election in New Zealand takes place at the end of November.

iv. *India*—Mr. Nehru has welcomed the idea of the conference and indicated his own intention of attending, but pointed out that in view of the inauguration of the republic on January 26, he would prefer that the conference end by January 11. This would mean that it would have to begin about January 1.

v. *Pakistan*—Mr. Liaquat Ali Khan welcomes the proposal and is consulting with Sir Zafrullah Khan at Lake Success concerning the suitability of the proposed dates.

vi. *South Africa*—Dr. Malan states that, "While feeling that there would no doubt be advantage in the conference you propose, we should unfortunately not

find it possible to be represented at the appropriate level at any time during the first half of the next year" because of ministerial responsibilities in parliament which opens in the middle of January.

A. H[ENEY]

823.

DEA/50081-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 6, 1949

COLOMBO MEETING

The meeting of Commonwealth Foreign Ministers will be held at Colombo from January 9-14 with the possibility of the discussions being continued into the next week if necessary. While the agenda has not been definitely fixed and the Canadian Government has made no suggestions in this connection, it appears that it will be roughly divided into two parts dealing with political and economic questions respectively. The political section would be subdivided into (1) General review of the international situation, (2) Japanese Peace Treaty, (3) The situation in China, (4) Problems of South East Asia, particularly Viet-Nam and Burma.

2. In his message of invitation, the Prime Minister of Ceylon stated that, since it would not be possible to consider some of the political problems in isolation from relevant economic issues, he thought it would be advisable for each delegation to include one or two senior experts to discuss broad economic questions (not to include detailed questions of supply). The United Kingdom delegation is very heavily weighted on the economic side. The Prime Minister of Ceylon in a telegram of December 3 suggested that as Sir Henry Wilson-Smith (who has been chairman of the previous series of Commonwealth meetings on economic affairs and who took an active part in the tripartite discussions in Washington last September) will lead the "United Kingdom delegation to these economic meetings", he had "suggested to the United Kingdom that he should be invited to preside over the economic meetings at the forthcoming conference".

3. In view of this emphasis upon economic issues, it seems advisable that the Canadian delegation should include experts in this field. The Department of Trade and Commerce has agreed to nominate a representative and the Department of Finance is considering the matter.

4. As the decision had been taken to open the Office of the High Commissioner for Canada in Karachi during February, it seems advisable for reasons of economy to send the personnel of the office to Colombo; the High Commissioner would be an adviser and the Secretary of the Office would act as Secretary of the Delegation.

5. Enquiries were made concerning the relative cost of transportation on commercial airlines and by special plane. In view of the number of persons proposed for the delegation and the weight of supplies and personal effects required at the con-

ference and by the members of the Karachi Office, it appeared that the commercial airlines cost would be the greater. It is therefore suggested that advantage be taken of the willingness of the Minister for National Defence to send an R.C.A.F. plane to Colombo on a training trip, of which half of the cost would be charged to the Department of External Affairs. The special plane could also be used at no extra cost to bring back to Canada officers of other missions due for transfer.

6. The following delegation is proposed:

- (1) Secretary of State for External Affairs
- (2) Deputy Under-Secretary of State for External Affairs
- (3) D.M. Johnson, Canadian High Commissioner Designate to Pakistan
- (4) A.R. Menzies, Head of the Far Eastern Division
- (5) D.V. Lapan, Economic Division
- (6) Representative of Department of Trade and Commerce
- (7) Possibly a representative of the Department of Finance
- (8) G.S. Murray, Secretary of the Delegation
- (9) Clerical and stenographic personnel—4.

A. H[EENEY]

824.

DEA/50081-40

*Le haut-commissaire pour le Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner of United Kingdom
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, December 6, 1949

Dear Mr. Pearson,

COLOMBO CONFERENCE

As you will no doubt have heard direct from Colombo, the Ceylon Government have invited Sir Henry Wilson-Smith to take the chair at the proposed meeting between officials for the exchange of information on economic matters at the forthcoming Conference in Ceylon. This invitation has been accepted and the United Kingdom Government have been considering, for their part, the most suitable form of agenda for the meeting. They suggest that the agenda might be as follows:—

- (1) Balance of Payments.
 - (a) Dollar balance of payments in 1949/50.
 - (b) Dollar balance of payments in 1950 (calendar year).
 - (c) Balance of payments with other hard currency areas (Belgium, Switzerland, Western Germany), 1949/50.
 - (d) Balance of payments with other hard currency areas (Belgium, Switzerland, Western Germany), 1950.
- (2) General balance of payments outlook (dollar and other) after 1950.

(3) Developments arising out of the Washington Conference of September, 1949.

(4) Other matters arising from the meeting of Commonwealth Finance Ministers in July, 1949.

(5) Any other business.

As regards item (1), it is being suggested to other Commonwealth Governments that this will involve the compilation of statistics showing the balance of payments of individual Commonwealth countries for the year 1949/50 and the calendar year 1950 with (a) the dollar area, and (b) separately for the three countries mentioned in item (1) (c) and (d). Sterling area Commonwealth Governments have already been asked to provide an up-to-date survey of their dollar balance of payments position for 1949/50 and 1950. It is hoped that they will similarly be ready with estimates of their balance of payments with the three non-dollar hard currency countries referred to above.

As regards item (2), it is not thought that any useful purpose would be served by attempting to compile detailed statistics for balance of payments after 1950, but it has been suggested that any figures illustrative of the general trend would be useful.

As regards items (3) and (4) of the agenda, it is suggested that these should be discussed on the basis of (a) the joint communiqué issued in Washington on the 12th September, and (b) the agreed recommendations of Commonwealth Finance Ministers to their Governments of the 18th July, 1949. The reason why the Washington communiqué has been put above the Finance Ministers' recommendations in the suggested draft agenda is that, as both cover so much of the same ground, it would seem appropriate that the main discussions should take place on the later document, leaving the earlier document to be used merely to ensure that subjects not dealt with at Washington are covered where appropriate.

Detailed questions of supply have been excluded from the agenda in accordance with the suggestion in paragraph 3 of the Ceylon Prime Minister's original telegram of the 8th November.

The United Kingdom Government would very much welcome the comments of the Canadian Government on the draft agenda outlined above and any suggestions or amendments which they would wish to put forward. In this connection I have been asked to suggest to you that, in order to save time, it would be very convenient if the Canadian Government's reply could be telegraphed direct to the United Kingdom Government, who have been charged with the duty of collating the agenda, and could be repeated to other Commonwealth Governments, including the Government of Southern Rhodesia.

Yours sincerely,

ALEC CLUTTERBUCK

825.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, December 7, 1949

COMMONWEALTH FOREIGN MINISTERS; PROPOSED MEETING IN CEYLON; CANADIAN PARTICIPATION

10. *The Secretary of State for External Affairs*, referring to discussion at the meeting of November 11th, reported on further developments in connection with the forthcoming meeting of Commonwealth Foreign Ministers in Ceylon.

It had been ascertained that the Foreign Ministers of other Commonwealth countries planned to attend. The tentative agenda included both political and economic questions. Probably the most important amongst the former was the question of recognizing the Communist government of China. In the economic discussions, it seemed probable that a further effort would be made to strengthen the position of the sterling area.

In these circumstances, it seemed desirable that the Secretary of State for External Affairs should head the Canadian delegation and that it should include representatives of the Departments of Trade and Commerce and Finance. The Minister of Fisheries who was scheduled to attend an I.L.O. Conference in the Far East might join the delegation if convenient.

An opportunity would be taken to visit Karachi and New Delhi en route.

It was suggested that an announcement of Canada's participation in the conference be made before Parliament rose.

11. *The Minister of Finance* felt that it would be undesirable for Canadian representatives to participate in discussions which were designed to restrict trade with dollar countries. Moreover, the time chosen was inconvenient to release a senior official from Finance. In the circumstances, perhaps his department need not be represented.

12. *The Cabinet*, after further discussion:

(a) agreed that Canada be represented at the forthcoming Conference of Commonwealth Foreign Ministers in Ceylon by the Secretary of State for External Affairs; the composition of the delegation to be settled by the Minister in consultation with the Prime Minister and Ministers of other interested departments; and

(b) agreed that Canadian participation in the conference be announced by the Secretary of State for External Affairs at an appropriate time.

826.

DEA/50081-40

*Sous-ministre des Finances
au sous-secrétaire d'État aux Affaires extérieures
Deputy Minister of Finance
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, December 8, 1949

RE: CONFERENCE OF COMMONWEALTH FOREIGN MINISTERS, COLOMBO, CEYLON

Dear Mr. Heeney:

I have read your letter of November 26th on the above subject and also copy of the confidential letter dated December 6th, addressed by Sir Alexander Clutterbuck to your Minister, in regard to the collateral discussions on financial and economic matters to be held at the above conference under the chairmanship of Sir Henry Wilson Smith. I also had a chance of discussing the matter you raise about the conference with my Minister, Mr. Towers and some of my senior officials.

We do not think that Canada should send to the conference any financial expert from either this Department or the Bank of Canada. The subjects which will be discussed by Sir Henry Wilson-Smith's Committee will obviously be matters that are of interest to the sterling members of the Commonwealth and will relate primarily to methods of saving, or success already achieved in saving, dollars by restriction of imports from the dollar area. We should be observers at such discussions but we should not be implicated in any way in the programme being followed or the decisions reached.

We all here also believe that it would not be appropriate for us to present for discussion at this conference Canada's balance of payments although doubtless there will be occasion to discuss the statistical aspects of Canada's trade and financial relationships with the United Kingdom and the rest of the sterling area.

We understand that you plan to send Mr. D.V. LePan as your representative from your Economic Division. We agree he would be a highly suitable choice and believe that he will be quite capable of dealing with our side in respect of any financial and economic discussions that it would be appropriate for us to be involved in.

I think it would be desirable to insert a reservation in your formal acceptance of your invitation to the conference to the effect that we cannot join in and concur in any specific dollar saving programmes.

Yours sincerely,
W.C. CLARK

827.

DEA/50081-40

*Sous-secrétaire d'État aux Affaires extérieures
au sous-ministre des Finances*

*Under-Secretary of State for External Affairs
to Deputy Minister of Finance*

SECRET

Ottawa, December 12, 1949

Thank you for your letter of the 8th of December concerning the conference of Commonwealth Foreign Ministers to be held next month in Colombo, Ceylon. I have told Mr. Pearson that you and Mr. Towers feel that it will not be necessary for experts either from the Department of Finance or from the Bank of Canada to be present at this conference. Mr. Pearson understands the reasons for this decision and is quite content with it. He appreciates that a large part of the financial discussions to be held concurrently with the meeting of Foreign Ministers will be concerned with the progress of efforts by sterling area countries to restrict their imports from the dollar area, and that Canada cannot be implicated in any way in that programme.

2. My Minister, however, would prefer not to make a reservation of the Canadian position with respect to financial matters in advance of the Conference. The *caveat* you suggest to the effect that Canada cannot join in, or concur in, any specific dollar-saving programme has been given formally on a number of previous occasions, notably by Mr. Abbott at the opening of the meeting of Commonwealth Finance Ministers which was held in London last summer.

Mr. Pearson believes that our position would be sufficiently protected if Mr. LePan, at the outset of the financial discussions in Colombo, were to make a statement reemphasizing that Canada cannot in any way become involved in the sterling area's programme of restricting imports from dollar countries. I hope that you will agree with this alternative proposal for making our position clear on this matter.³²

A.D.P. HEENEY

³² Clark indiqua son accord dans une réponse en date du 15 décembre 1949.
Clark agreed to this in a reply dated December 15, 1949.

828.

DEA/50081-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2476

London, December 22, 1949

TOP SECRET

M.E. Dening, Assistant Under Secretary in Foreign Office in charge of the three Far Eastern Departments, yesterday gave following outline of principal political questions to be discussed at Colombo Conference.

(1) *General international situation*

2. The principal purpose of this item, Dening explained, was to permit discussion of questions that might be raised with respect to recent developments in Europe, and particularly such matters as the North Atlantic Defence Organization, the Council of Europe, German policy, and the trend towards closer association of the United Kingdom with the countries of Western Europe. It was hoped to elicit the views particularly of the Asiatic Dominions, and also of new Australian and New Zealand representatives on these developments. In the Foreign Office view, United Kingdom policy in Western Europe can only be judged in the light of an assessment as to the degree to which the Soviet Union presents a real threat to European and world security. It may, therefore, be anticipated that there will be some discussion of Soviet intentions and policies.

3. In suggesting this review of European questions, Dening said it was hoped to meet some of the objections and criticisms which have been made by the Asiatic Dominions, and to a lesser extent by Australia and New Zealand as well. In the case of India, particularly, there was still, even after Mr. Nehru's recent visit, considerable distrust of United States "imperialism" and a consequent tendency to play down necessity for defensive measures against possible Soviet aggression. Dening thought that while Nehru's visit had been useful in giving him first hand picture of the complexities of the American scene, it had done little to modify his deep-rooted suspicion of the aims of United States policy. Nehru, he thought, was still not prepared to encourage United States investment on the scale which India required to build up her standard of living. It was to be hoped that at Colombo something could be done to educate him in the economic facts of life, and to encourage India to play a greater part in general economic and security measures calculated to resist Communist expansion in the Far East and in South East Asia.

4. So far as Pakistan is concerned, Dening referred to Mr. Liaquat Ali Khan's "flirtation" with the Russians, which had now come to a reasonably happy conclusion from a western point of view. The Soviet authorities, by their delay in granting the Pakistan Prime Minister a visa, had lost a first-class opportunity for successful propaganda.

5. So far as New Zealand and Australia are concerned, there had been a good deal of criticism of United Kingdom policy in working towards closer association with Europe, at the expense of the Commonwealth, and Dening hoped that at Colombo it would be possible to show that United Kingdom policies are not inconsistent with close Commonwealth relations. Dening seemed relieved at the fact that Dr. Evatt would not be at Colombo, and made repeated references to the difficulties he had had with him over the years.

6. Dening thought that in this discussion Canada could play a useful role, particularly in calming Indian fears as to the intentions of the United States, and, as the only other Commonwealth member of the North Atlantic Treaty, in outlining the reasons why full support is being given to building a stable and secure association in Western Europe.

(II) *Japanese Peace Treaty*

7. Dening said that it had been hoped that State Department would be able to provide a draft outline of their views on the civil clauses of a Japanese Peace Treaty in time for consideration to be given to them at the Colombo Conference. To date no views have been received, and Dening thought there were still strong differences of view between the State Department and the War Department in Washington. While it was just possible that the State Department would get something over in time, Dening's own guess was that the Conference might have to get on without a detailed United States draft. Should this be the case, he thought it would not be possible to do more than to go over the results of the Canberra Conference in the light of developments since 1947, and to try and bring up to date the recommendations which were made at that time. The Foreign Office has in preparation a brief for the United Kingdom delegation, and for possible circulation to the Conference should the occasion arise, which will deal with the Japanese Peace Treaty under the following headings:

(i) An estimate of the position of Japan in the light of the overall strategic situation;

(ii) An attempt to reconstruct present United States views on a Japanese treaty so far as these are known; and

(iii) A draft outline of the principles for a peace treaty on which agreement might be reached.

8. Dening pointed out that the draft expected from Washington was to have been in a form which would have permitted revisions based upon views which might emerge from the Commonwealth conference, and that the Foreign Office had attached great importance to this. It was equally to be hoped that the Colombo Conference would be able to avoid establishing fixed positions which it might be difficult to maintain later on when the United States views are more fully known.

(III) *Recognition of the Communist regime in China*

9. Dening recalled that Foreign Office had informed Commonwealth Governments that the United Kingdom was thinking in terms of recognition on January 2nd, and said Foreign Office now understands that India would probably recognize about December 30th. His estimate was that Pakistan would be likely to act about

the same time as the United Kingdom, but he thought that Australia and New Zealand would not act until after the Colombo Conference. In the case of Australia, there was some feeling that early recognition of the Communist regime in China would be inconsistent with the Menzies Government's programme to declare the Communist party within Australia illegal. In Dening's view there would be no inconsistency, and he stressed that when United Kingdom had recognized the Peking Government they would not for one moment abandon present policy of resisting Communist infiltration and activity in the areas outside Chinese borders for which the United Kingdom bears responsibility.

10. The French difficulty about recognition of the Chinese Government was, of course, linked up with Indo-China. The United Kingdom was anxious to assist the French in strengthening the hand of the Bao Dai, and at Colombo it might be possible, he suggested, to get some sort of agreement on de facto recognition of the Bao Dai regime in Indo-China, although considerable resistance from India could be anticipated.

11. On question of China, Dening referred to Mao Tse Tung's present visit to Moscow, and said that Foreign Office had received recent reports from the United Kingdom Embassy indicating that possibly some kind of Sino-Soviet agreement would result from the visit, but no details were available.

12. Dening added that the Foreign Secretary had agreed that after recognition of the Chinese Communist Government the Chinese Ambassador in London, and those members of his staff who so wished, would be permitted to reside as private individuals in the United Kingdom.

(IV) *General problems of South East Asia*

13. This would be essentially a review of the situation in the countries of South East Asia in the light of the position created after recognition of the new Chinese Government. The security of this area was a matter of great concern to all the members of the Commonwealth, and it was imperative that views should be exchanged and measures concerted on the best methods of resisting Communist infiltration and activity. From an economic point of view, Burma, Siam and Indo-China were the three principal rice-growing areas of the world, and the source of Asia's main food supply. If these territories should come within the Communist framework, the whole future of Asia would be affected. Because of India's importance and strategic position, it was to be hoped that her leaders could be persuaded to play a less negative role in this whole area. It was, of course, entirely premature to talk of a South East Asia Security Pact, and Dening agreed that the conditions for such a regional defence association did not exist, first, because of the present unwillingness of the United States and India to play a leading part, and secondly because of the internal conflicts between the component States of the area. Dening had little new to add about Indonesia, but was much more hopeful than at time of opening of Hague Conference.

14. On the question of possible aggression by Communist China, Dening expressed a view similar to that held by Malcolm MacDonald³³ (see our letter to Mr. Heeney of 16th June) that there is no sign that the Chinese Communists intend, once they have liquidated the Nationalist armies in China, to carry their aggression over into the bordering territories. Dening thought that they had taken on an enormous task and would be kept busy in the work of the reconstitution and unification of China itself. The principal threat was indirect, i.e., of continued infiltration, subversion and propaganda, directed particularly to the large Chinese communities in the borderlands. While agreeing that after recognition of the Communist regime in China a careful eye should be kept on Chinese diplomatic missions and consulates abroad, Dening did not feel that this would be too great a problem, providing the countries concerned could be persuaded to act in concert, and to insist on "reciprocal" representation.

15. Questioned about press reports that the Burmese had been invited to the Colombo Conference, Dening said that these had been quite erroneous. The Foreign Office understood that these reports had arisen because of the fact that Thakin Nu had accepted an invitation to be present at a Buddhist ceremony to be held in Colombo about January 20th, and that there was no connection between this visit and the Conference, which would have ended about that time.

829.

DEA/50081-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-3059

Ottawa, December 29, 1949

SECRET

Colombo Conference.

If you have an opportunity to have a further talk with a senior officer of the State Department and could let me have a report before our departure Monday afternoon, January 2, it would be most helpful. Our preparations here have been rather slow in being brought into final focus. The agenda has been so broadly worded as to make preparation difficult. In addition, both in regard to our financial position as the only non-sterling country participating, and as the only country without direct regional interests in the Indian Ocean-South West Pacific area, we shall not have as much in common with the other countries represented as they will have with each other. Nevertheless I look forward to this opportunity for a broad exchange of views on current international questions with other members of the Commonwealth, some of whom are in the front line of the struggle against Communist encroachment in East Asia.

³³ Commissaire général du Royaume-Uni en Asie du Sud-Est.
Commissioner General of the United Kingdom in Southeast Asia.

2. I expect that my path may cross or come close to that of Ambassador Jessup during our tours of the Far East. If it could be conveniently arranged, without upsetting schedules too much, for us to meet for an exchange of views it would be useful. If not, arrangements can be made for Reid, Menzies or LePan to go down to Washington after our return to talk over our observations with interested officials of the State Department.

Settlement with Japan

3. This is one of the principal items proposed for discussion at the Colombo Conference. If the State Department and the Department of National Defence have ironed out their differences on security requirements and there is anything the State Department has to pass on, however informally, concerning the broad principles along which they would like to see settlement reached with Japan it would be helpful to know about these. In their absence, it is unlikely that discussion of this subject will be postponed. I imagine, therefore, that the views expressed at the Canberra Conference in 1947 will serve as a point of departure for our discussions.

4. The State Department is already aware of our broad views on the Japanese settlement which were conveyed informally by Menzies during his visit to Washington during September. We consider the present piecemeal approach toward restoring Japan to a state of peaceful international intercourse unsatisfactory. It has appeared to us to have been carried out with greater regard to the United States and Japanese susceptibilities than to those of the other countries interested in the settlement. If the United States could set out for the rest of us their overall proposals for a settlement with Japan, and these proved generally acceptable to the majority of states members of the Far Eastern Commission then even if it should be decided that it would be unwise to proceed with a peace settlement without the Russians and Chinese Communists (on the assumption they might not be prepared to accept United States security requirements) it should be at least possible to arrive at some interim understanding among the rest of us concerning Japan's status that would be a good deal more satisfactory to the Japanese and the non-Communist countries than the present unsatisfactory situation is. However naive it may appear to our American friends, we continue to hold to the view that some account must be taken in any settlement with Japan of the possibility of Japan again becoming an aggressive power. Much would be done to allay the suspicions that continue to exist in the minds of the people of many allied countries if emphasis were put upon the need to make permanent the democratic reforms instituted in Japan after the war, thereby lessening the danger that Japan may one day re-emerge as an aggressor.

China

5. At the time of the Conference, some of the Commonwealth countries will have recognized the Communist-controlled Government in Peking. Others will not. The Cabinet has decided here to defer further consideration of the question of recognition until after the Colombo Conference. It will be too early at the time of the Conference to tell what results will have been achieved by recognition. However, I look forward to some useful discussion of the means by which the democratic countries can seek to maintain influence in China.

6. There may also be some discussion of the control of exports to Communist China. As you know, we are putting on an area control of exports to all Far Eastern countries by Order-in-Council. The policy regarding issue of permits is, however, a matter for continuing discussion and study and it will be useful to us to learn at Colombo something about the policies which other Commonwealth Governments intend to follow in regard to trade with Communist China.

Indo-China

7. Mr. Malcolm Macdonald will be a member of the United Kingdom delegation and I expect that he will report on his visit to Indo-China in November when he formed an optimistic impression of the prospects for Bao Dai increasing his influence. The Indians, as you know, have not responded to suggestions that they should give some encouragement to Bao Dai. It will be interesting to learn from them whether they have any alternatives to suggest to the present policy now being pursued by the French Government. As you know, we have informed the French that while our information concerning developments in Indo-China is limited we take a sympathetic view of what they are trying to do there now.

Burma

8. We can look forward to some discussion of the present position and prospects of the Burmese Government. Some of the Commonwealth Governments have shown a direct interest in assisting the Burmese Government and discussed this problem at a Conference in New Delhi a year ago. Our interest in Burma is not a direct one and I am glad, therefore, that in your conversations with Sir Oliver Franks and Mr. Acheson reported in your WA-3434 of December 16th you indicated that it is not likely that the Commonwealth as such would act collectively in respect to assistance to Burma or Malaya. At the same time, we would certainly not stand in the way of other Commonwealth Governments with more direct interest in that area taking advantage of the present meeting to further their discussions of ways and means to give assistance to the Government of Burma.

Economic Problems

9. The concurrent economic discussion will probably be focused on ways and means by which the sterling countries can conserve their foreign exchange. We shall have to make our own special position clear there and endeavour to see that this dollar saving program is not carried out at our expense. There may, however, be some further discussion of the economic means of stemming the Communist advance in East Asia. We shall certainly be interested in following these discussions closely. As you know, we have already devoted a good deal of time to the study of technical assistance under the "Point Four Program". However, I am inclined to think that the initiative in these matters will have to come from those countries attending the Conference who have a more direct interest than we have.

830.

DEA/50081-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3536

Washington, December 31, 1949

SECRET

Your EX-3059 of December 29th, Colombo Conference, paragraph 4. Settlement with Japan.

1. [R.E.] Collins saw Allison briefly yesterday afternoon to follow up his previous informal suggestion that Allison might wish to give us the benefit of some of their thinking on the peace settlement for use in connection with discussions at Colombo. Collins also put forward the idea contained in your message that even if security considerations make it difficult to proceed at this time with a formal settlement, it might be useful for the friendly and interested Governments to be informed of the conclusion reached with regard to the proposed settlement and the future status of Japan, aside from the security aspect, to allay doubts regarding the present piecemeal approach and to facilitate constructive action, perhaps in the context of the F.E.C. Allison agreed that this would be useful, and said that an approach along these lines had been considered. However, they had found that it was extremely difficult, if not impossible, to separate the security problem from other aspects of a settlement for Japan, and in any event had not given up hope that they might be able to resolve the security question. If it is finally decided that they definitely cannot proceed with preparations for a settlement, they will probably try to do something along the lines you suggest. Allison regretted that at this time he was unable to give us anything, however informally, that might be helpful in the Colombo discussions.

2. Allison did say, however, that while he hoped the Colombo Conference would not result in too rigid conclusions on the Japanese settlement, he thought it would be very useful if the Conference attempted to make an analysis of the security problem and explored ways and means of solving it.

3. With reference to Formosa, Allison said that recent newspaper speculation on a dramatic shift in United States policy had been unwarranted. He denied the reports of a demand from the President for an immediate and positive policy, and said that the situation had not been changed as a result of the meeting of the Secretary of State and the Defence Secretaries on Wednesday. The Joint Chiefs of Staff still hold that Formosa is not essential, although it would be desirable to keep it out of Communist hands if possible. According to Allison, the military planners, being congenitally restive in the absence of a positive plan, had wished to explore the possibility of doing something to help keep Formosa non-Communist. It was pointed out to them, however, that any active commitment, such as the sending of a strong military advisory group, might put the United States in a very awkward position if the majority of other countries in the United Nations recognized the

Communist regime. United States Intelligence appreciation of the situation is that only United States military occupation can ensure that Formosa does not fall to the Communists, and this the Joint Chiefs do not contemplate. It is also apparently agreed that it would be unwise to supply heavy military equipment, although some assistance in the form of the provision of arms will probably be continued.

4. Returning to the Japanese peace settlement Allison suggested that one way out of the Formosa problem might be to leave it over for future consideration. This would be almost essential if at the time of a settlement there were still a division among the interested Governments regarding the recognition of the Communists in China.

5° PARTIE/PART 5

IRLANDE ET LE COMMONWEALTH IRELAND AND THE COMMONWEALTH

831.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, January 5, 1949

...

CANADA-IRELAND TRADE AND TARIFF RELATIONS

18. *The Prime Minister* reported that the Cabinet Committee on External Trade Policy had considered a report of the Interdepartmental Committee on the effects of the recent Irish legislation making Ireland an independent republic outside the Commonwealth.

The Cabinet Committee had been advised that, under the relevant provisions of the General Agreement on Tariffs and Trade and the Canadian Customs Tariff, Canada could continue existing preferential arrangements with Ireland. These were relatively unimportant, although there would be some value in their retention for future bargaining purposes. In the event that the present regime were continued, some modifications might have to be made in Canadian agreements with countries outside GATT and the Commonwealth with which Canada had most-favoured-nation agreements. Should a case be taken by any such country to the International Court of Justice for treatment similar to that accorded Ireland, the claim would probably be sustained.

The Cabinet Committee, after consideration of the factors involved, had decided that it would not be desirable to alter the existing arrangements at present and that the position could be reconsidered at a later date as circumstances might require.

An explanatory note had been circulated.

(Secretary's memorandum, Dec. 31, 1948—Cabinet Document 842).³⁴

³⁴ Volume 14, Document 908.

19. *The Cabinet*, after discussion, confirmed the decision of the Cabinet Committee on External Trade Policy as contained in the report submitted.

832.

CH/Vol. 2092

*Le sous-secrétaire d'État par intérim aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Acting Under-Secretary of State for External Affairs
to High Commissioner in United Kingdom*

CONFIDENTIAL

Ottawa, January 20, 1949

Dear Mr. Robertson,

I refer to your letter of December 30[†] concerning the future status in Canada of citizens of Ireland. I also wish to thank you and Mr. Wershof for a number of earlier telegrams and despatches containing references to possible amendments to the Canadian Citizenship Act. This letter may serve to bring you up to date in respect of the discussions which have taken place here in connection with such amendments. May I say at the outset that our general approach to the problem corresponds to your own as set forth in your letter.

2. Following a meeting which took place in the Prime Minister's office on November 28, I wrote to the Deputy Minister of Justice requesting an opinion on the status of Irish citizens under existing Canadian law. Enclosed is a copy of this letter.† I have not yet received a reply from the Deputy Minister of Justice.

3. The practice of the Director of Immigration, and the Registrar of Canadian citizenship, has been to regard Irish citizens as British Subjects for immigration and naturalization purposes without regard to the subtle distinctions which may arise between different citizens of Ireland because of the combined effect of Section 28 and the relevant Irish laws. It is probable that certain citizens of Ireland are not British Subjects under the present Canadian law. No attempt has, therefore, so far been made to work out a formula based upon the *continuance* of existing status.

4. The earliest draft of possible amendments was prepared by Mr. Coleman, Under Secretary of State, following a meeting attended by representatives of the Department of External Affairs. I am enclosing a copy of this draft across the top of which I have written the heading "Mr. Coleman's Draft".† You will observe that Mr. Coleman has adopted in sub-sections (1) and (2) of the proposed new Section 28, the wording suggested by Mr. Wershof in his telegram No. 2120 of November 22 (second alternative).†

5. After this draft was considered by the Legal Adviser, I wrote to Mr. Coleman suggesting that "Ireland" be substituted in place of "Eire"; that the countries in the First Schedule be listed in alphabetical order, and that the names given to the countries of the Commonwealth should be the same as in the Nationality Acts of the United Kingdom, Australia and New Zealand.

6. In the meantime, a copy of Mr. Coleman's draft had been sent directly to the Hon. Brooke Claxton (then Acting Secretary of State for External Affairs). Mr.

Claxton requested the Legal Adviser to endeavour to prepare an alternative formula which would achieve the same result as Mr. Coleman's draft, but which would not refer specifically to Ireland. I am enclosing a copy of a proposed substitution prepared by the Legal Adviser which I have entitled for convenience "Mr. Claxton's Suggestion". † It should be noted that this involves a partial revision of Mr. Coleman's proposed amendment. Although this was prepared by the Legal Adviser in response to Mr. Claxton's suggestion, it has not yet been discussed with the Department of the Secretary of State, nor has any final decision yet been made by our Department as to the desirability of omitting specific reference to Ireland. From the point of view of clarity and good draftsmanship there is much to be said in favour of referring specifically to Ireland.

7. I shall now make some additional comments in connection with these enclosures in the light of observations contained in your letter;

(a) I agree that Ireland must be deleted from the First Schedule as suggested in your paragraph 6(a). This is provided for in Mr. Coleman's draft and accepted here.

(b) The expedient adopted in Mr. Claxton's suggestion in order to avoid specific reference to Ireland has been to refer to a *listing* in the First Schedule on or after January 1, 1947. Continued reference would, therefore, be necessary to the existing First Schedule, although it would be replaced by a new First Schedule for the purpose of defining Commonwealth countries.

(c) I agree that a definition of "alien" to exclude citizens of Ireland should be included as suggested in your paragraph 6(b). This is covered by Mr. Coleman's draft and Mr. Claxton's suggestion.

(d) Section 3(2) of the British Nationality Act is the basis for the proposed new Section 28(3) (but see my paragraph 3 above).

(e) Mr. Coleman's draft of the proposed Section 28(3) is open to the objection mentioned in paragraphs 6(d), 7(b), and 7(c) of your letter in that it might conceivably extend to provincial laws. The formula prepared to meet Mr. Claxton's suggestion also contained a revised wording which would confine the operation of the section to Canadian laws.

8. I agree with the comments in your paragraphs 7(a) and (8), to the effect that the importance of a provision that Irish citizens are not aliens lies in the political gesture, and the possible effect on m.f.n. treaties, rather than any disabilities actually suffered by aliens in Canada.

9. In paragraph (9) of your letter you mention the fact that other amendments may be needed in view of the coming into force of the British Nationality Act and prospective changes in the status of India. I have already observed, that Mr. Wershof's suggestions formed the basis of the proposed sub-sections 28(1) and 28(2). In respect of India I might point out that Mr. Claxton's suggestion (which is based on the listings in the First Schedule on or after January 1, 1947) would take care of developments in India if she should secede from the Commonwealth or sever the link through the Crown: Provided, of course, that India were first included in the new First Schedule.

10. We have been giving some thought to "reciprocity". Mr. Costello, in his speech in the Dail, on November 24, 1948, on second reading of the Republic of Ireland Bill 1948, said:

"Accordingly we propose, as and when the Commonwealth countries grant our citizens recognition and rights, to make orders provisionally under Section 23(2) giving their citizens comparable rights. At a later stage, but in the near future, I hope, it is the Government's intention to review our whole Nationality Law and to bring before the Dail a comprehensive measure to rectify many of the anomalies that now exist in the Act of 1935. In the new Bill provisions will be made to ensure that Commonwealth citizens shall be afforded comparable rights to those afforded to our citizens in the British Commonwealth. There is one thing I should like to make clear to our friends in Britain and in the Commonwealth generally. It is that, after the passage of this Bill, we will continue, provided they so desire, the exchange of citizenship rights and privileges. Ireland does not now, and, when the External Relations Act is repealed, Ireland does not intend to regard their citizens as 'foreigners' or their countries as 'foreign' countries."

11. In view of this statement, should Canada:

(a) provide finally by statute (as the U.K. has done) for the status of citizens of Ireland?

(b) provide by statute for citizens of Ireland as in (a), but ensure that the relevant provision will become operative only on proclamation?

(c) provide by statute for a delegation of authority (which the present Irish legislation does) to the Governor General in Council to extend the rights of British Subjects under Canadian law to citizens of Ireland (or citizens of the Commonwealth countries listed, etc.) to the extent to which reciprocity is accorded?

12. Your early comments on the foregoing would be much appreciated.³⁵

Yours sincerely,
ESCOTT REID.

833.

DEA/50021-40

Note du haut-commissaire désigné en Irlande

Memorandum by High Commissioner Designate in Ireland

SECRET

[Ottawa], January 26, 1949

I had a short talk with Mr. Pearson this morning about our relations with the government and people of Ireland. Mr. Pearson's views briefly are as follows:

(a) *Republic of Ireland.* Mr. Pearson thinks that any difficulties arising from the proclamation of the Republic of Ireland should be minimized as much as possible. Cordial relations now exist between Canada and Ireland and it should be our hope that they would be maintained and strengthened. We look upon Ireland as one of

³⁵ Note marginale:/Marginal Note:

My first uninformed preference is for (a) [N.A.] R[obertson]

the mother countries of Canada. The less bitterness there is now the more chance there will be for a new association with Ireland which might in turn serve as a pattern for our relationship with other countries currently in the Commonwealth. We would hope that nothing would be said in either Ireland or Canada which would make it difficult to continue friendly relations. We are aware of the legal difficulties. We propose, however, to continue the present trade privileges at least until they are challenged by a third country. The legal difficulties about citizenship are perhaps more difficult to resolve. We would like to provide that Irish citizens in Canada would not be aliens, and, although not British subjects, would be entitled to the same privileges as British subjects in Canada. To accomplish this legislation would be required. It may not be possible to introduce such legislation at the current session of Parliament.

(b) *Title of High Commissioner.* From the long-term point of view we do not care whether or not the Irish wish to call the representatives we exchange Ministers or Ambassadors. From the short-term point of view we would hope that the Irish Government would not press for a change. If our representatives continue to be called High Commissioners it might assist us in argument with a third country in maintaining that a special relationship existed between Ireland and Canada and consequently that Ireland is not a foreign country.

(c) *Partition.* This obviously is a delicate question and one on which I should speak with great caution. We would naturally welcome any solution which is acceptable to the people of Ireland as a whole, and we hope that Ireland will become one country by the free will of the people of both parts.³⁶

(d) *North Atlantic Security Pact.* Ireland will be invited to join as an original member. It is our hope that she would accept. It is understood, however, that Ireland is not prepared to join except on condition that partition is ended. The security pact stands on its own feet and should increase the security not only of Canada but of Ireland. There can be no question of making any bargain with Ireland about partition as a condition precedent to her signing the pact.

[D.M. JOHNSON]

³⁶ Note marginale:/Marginal note:

This is delicate, dangerous & perhaps unwise! A.J. P[ick]

Note attaché au document:

Minute attached to document:

Mr. Pick: I agree with your note on page 2, and think that either the last part of para (c) is badly expressed or that there was some misunderstanding between Mr. Pearson and Mr. Johnson. I can hardly believe that Mr. Pearson would intentionally direct Mr. Johnson to express a hope that Ireland would become one country. Perhaps that is not implied, but obviously it is a point on which supreme caution by the Canadian representative is essential. M[arjorie] Mc[Kenzie]

834.

DEA/8204-P-40

*Conseiller, haut-commissariat au Royaume-Uni
au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Counsellor, High Commission in United Kingdom
to Acting Secretary of State for External Affairs*

CONFIDENTIAL

London, February 1, 1949

Dear Mr. Reid,

RE: STATUS OF CITIZENS OF IRELAND

Mr. Robertson is in Geneva at present and, therefore, this letter has not been submitted to him. However, before he left for Geneva, he glanced over your letter of Jan. 20th and said that his "first uninformed preference" was for the plan set forth in (a) of para. 11.

That is also my view. There would perhaps be no harm in specifying that the provision in the Canadian Citizenship Act should become operative only on proclamation, but I see no real reason to add this formality. The Prime Minister of Ireland has pledged himself to grant reciprocity and I am sure that we can count on his fulfilling his pledge.

With all respect to Mr. Claxton, I do not like his plan of avoiding a specific reference to Ireland. I cannot think of any strong reason why a specific reference to Ireland should be avoided. The case of Ireland is "sui generis" and it seems to me that Canada and other Commonwealth countries should be quite willing to say frankly that they are doing something special for Ireland. Furthermore, Mr. Claxton's plan leads to a very cumbersome wording and will have this result—that ordinary people reading the Canadian Citizenship Act will be completely confused as to who is an alien and who is not. Legislation by reference is always a bad thing, and would be particularly confusing to the public in the Canadian Citizenship Act.

Although I think that Canada should provide finally by statute for the status of the citizens of Ireland, I do not think that it is essential that the necessary amendments to the Canadian Citizenship Act should be enacted at the present session of Parliament. As suggested in Mr. Robertson's letter of Dec. 30th, the most important thing is the political gesture of *saying* that citizens of Ireland are not aliens notwithstanding that Ireland is giving up membership in the Commonwealth. I should think that it would be fairly satisfactory if the Canadian Government were in the near future to announce its intention of introducing such an amendment while saying that it will not be done until the *next* session of Parliament. It seems to me that reasons could be given for delaying legislation while making the announcement. One obvious reason is that the status of India has not yet been settled and we might just as well wait until it has been before amending the Canadian Citizenship Act.

Turning to minor points, I entirely agree with you that, in future, the word "Ireland" should be used in place of "Eire", that the countries of the British Commonwealth should be listed in alphabetical order, and that the names given to these countries should be the same as in the British Nationality Act.

Yours sincerely,

M.H. WERSHOF

835.

DEA/8204-P-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], February 9, 1949

RE: STATUS OF CITIZENS OF IRELAND

I have received a reply written by Mr. Wershof (in the absence of Mr. Robertson) to the letter, which I wrote to Mr. Robertson on January the 20th with your concurrence, in which I summarized the discussions which had taken place here concerning provision in the Canadian Citizenship Act for Citizens of Ireland.

2. Mr. Robertson glanced over my letter before leaving for Geneva and expressed a preference for an amendment which would confer rights upon citizens of Ireland specifically rather than by necessary implication from a general reference such as was proposed by Mr. Claxton.

3. Mr. Wershof has expressed the opinion the "the Prime Minister of Ireland has pledged himself to grant *reciprocity* and I am sure that we can count on his fulfilling his pledge." The Nationality Acts of the United Kingdom, Australia and New Zealand all make specific reference to Ireland, and provide for the status of Irish citizens in unequivocal terms without imposing conditions of reciprocity.

4. I concur in Mr. Wershof's view that it is not essential to introduce amendments at the present session. However, I think that it is necessary to have the clearest opinion from Justice as to the present status of Irish citizens in Canada, to meet any possible question in the Commons.

5. If you agree that there is no immediate necessity of amending the Canadian Citizenship Act, you may wish to indicate your views to Mr. Gibson.³⁷ Since we have not been in consultation with his Department since Mr. Coleman's draft of amendments was prepared early in December, it would not appear necessary to review the recent correspondence concerning this draft, until it is decided, as a matter of policy, that an amending Act is to be introduced.

6. You have had some correspondence with Mr. Claxton, who, during your absence, showed interest in Mr. Coleman's draft and suggested the desirability of avoiding specific reference to Ireland. The revision which was prepared to meet Mr. Claxton's suggestion is not favoured by the officers in the Department (including the Legal Adviser) who have considered this alternative, or by Mr. Wershof. Juridically it is much better to proceed specifically, and not by reference.

7. I am appending for your convenience copies of the following:

- (a) Mr. Gordon Robertson's memorandum of November 23;†
- (b) My letter to the Deputy Minister of Justice of November 29;†
- (c) Mr. Coleman's draft (December 9);†

³⁷ Colin Gibson, secrétaire d'État/Secretary of State.

- (d) Alternative text prepared to meet Mr. Claxton's suggestion;†
- (e) Your letter to Mr. Claxton of December 30;†
- (f) Mr. Robertson's letter of December 30;†
- (g) Mr. Claxton's letter to you of January 6;†
- (h) My letter to Mr. Robertson of January 20;
- (i) Mr. Wershof's letter to me of February 1.

8. I am attaching for your consideration letters to the following:

- (a) The Honourable Colin Gibson;
- (b) The Honourable Stuart Garson;³⁸
- (c) The Honourable Brooke Claxton.

E[SCOTT] R[EID]

836.

DEA/7545-B-40

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Post Abroad*

CIRCULAR DOCUMENT NO. B.38

Ottawa, April 1, 1949

CONFIDENTIAL

Sir,

The Republic of Ireland Act, recently passed by the Irish Parliament, is to come into effect on April 18. This act will have the incidental effect of enabling a clear distinction to be drawn between the island of Ireland, which includes Northern Ireland, and the Republic of Ireland.

2. Since 1937 the practice of Commonwealth countries in referring to the territory previously known as the Irish Free State has varied. Article 4 of the revised constitution adopted by that country in 1937 provided:

The name of the State is Eire, or, in the English language, Ireland.

The meaning of the Gaelic name "Eire" is, as you know, identical with that of the English name "Ireland". Both names, up to 1937, had only one significance: they meant the whole island, which politically was divided between the Irish Free State and Northern Ireland. Since 1937 they have had a dual significance through their adoption as the Gaelic and English forms of the name of the former Irish Free State, while they retain, in addition, their former all-inclusive meaning.

3. The United Kingdom Government, in a statement published on December 30, 1937, recognized implicitly the identical meaning of the names "Ireland" and "Eire" by declaring:

³⁸ Ministre de la Justice/Minister of Justice.

His Majesty's Government in the United Kingdom...cannot recognize that the adoption of the name Eire or Ireland, or any other provision of those articles, involves any right to territory or jurisdiction over territory forming part of the United Kingdom of Great Britain and Northern Ireland, or affects in any way the position of Northern Ireland as an integral part of the United Kingdom of Great Britain and Northern Ireland. They therefore regard the use of the name Eire or Ireland in this connection as relating only to that area which has hitherto been known as the Irish Free State.

4. In spite of this recognition that both names have identical meaning, the United Kingdom has from the first in the Eire (Confirmation of Agreements) Act, 1938, and elsewhere, adopted the practice of speaking of Eire rather than of Ireland. In 1947 the United Kingdom Home Office issued instructions to United Kingdom government departments to use "Eire". A copy of these instructions was given informally to the Canadian Department of External Affairs by the United Kingdom High Commissioner, and one is attached for your confidential information.†

5. The practice elsewhere has varied. It may be noted, however, that the United Nations and the International Labour Office use the name "Ireland".

6. When in 1938, after the name "Irish Free State" had been discarded, it became necessary for the Canadian Department of External Affairs to decide which of the alternative names "Ireland" or "Eire" should be used, all available information as to the practice of other countries and organizations was obtained. The Irish representatives in Ottawa and London gave their official titles as "High Commissioner for Ireland," and the Irish representative at the League of Nations headquarters in Geneva informed the Canadian representative that "Ireland" was the correct English name for the country. It was observed that the Imperial Communications Advisory Committee, in its minutes of January 27, 1938, "took note that the Representative of the Irish Free State would in future be referred to as the Representative of Ireland." From London, the High Commissioner for Canada reported that the High Commissioners for Australia and South Africa were going to use the word "Ireland", while the High Commissioner for New Zealand favoured "Eire". As for the United Kingdom, the Secretary of State for Dominion Affairs had been asked in the House of Commons whether the United Kingdom Government had adopted "Eire" as the correct official way of describing what was formerly known by treaty as the "Irish Free State," and had replied: "We are recognizing and using the term which the people of Eire have constitutionally adopted".

7. A further consideration was that any Canadian Government communication would normally be in English rather than in Gaelic, and that the use of the Gaelic word "Eire" in such a communication might therefore be inappropriate (just as it would scarcely be considered appropriate, in a communication written in English which mentioned the Government of Egypt, to speak of it as the Government of Misr, unless the Egyptian Government specially requested that the Egyptian form of the country's name should be used).

8. The Department of External Affairs therefore adopted the practice of using the name "Ireland". This practice has not been invariable in less formal correspondence, and consideration has occasionally been given to the possibility of changing

it. It was felt, however, that a sudden reversal of our longstanding policy in this respect would almost certainly be misunderstood.

9. The Republic of Ireland Act, which will come into force on April 18, 1949, provides:

The description of the State shall be the Republic of Ireland.

This new description will provide a convenient means of distinguishing between the island "Ireland" and "the Republic of Ireland" without using the Gaelic for the purpose.

10. I would therefore suggest that on and after April 18, the designation "Republic of Ireland" should be used in formal references to this country, and in informal references where it is desirable to make it clear that the country rather than the island is intended. For casual mention where there is no likelihood of any misunderstanding, the name "Ireland" will, no doubt, still afford a convenient brief means of referring to the country in question.

11. The titles of "High Commissioner for Ireland" and "High Commissioner for Canada in Ireland" are not affected by this ruling.

I have, etc.

A.J. PICK

for the Secretary of State for External Affairs.

837.

DEA/50021-40

*Note de la direction du Commonwealth
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Commonwealth Division
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], February 23, 1949

DESIGNATION OF REPRESENTATIVES EXCHANGED WITH IRELAND

Some consideration has been given to the aide-mémoire of February 8† which Mr. Shannon³⁹ left with you, concerning an expected proposal by the Irish Government to introduce titles and letters of credence for representatives exchanged between Ireland and Commonwealth countries, similar to those employed for representatives exchanged between foreign countries.

2. In this Division we were inclined to advocate that the Canadian Government should agree with and support the United Kingdom policy as set forth in paragraph 2 of the message attached to Mr. Shannon's note, though it was realized that we would no doubt wish to avoid making any long-term commitment to retain the title "High Commissioner" for the representatives we exchange with Commonwealth countries. Some support for this view was found in a short memorandum which Mr. Wershof prepared for Mr. Pearson when the latter was in London last Decem-

³⁹ G.B. Shannon, haut-commissariat du Royaume-Uni au Canada/High Commission of the United Kingdom in Canada.

ber 15, copy of which is attached.† Furthermore, the following paragraph has been observed in a note which Mr. Johnson made on a conversation he had with Mr. Pearson on January 26, prior to the former's departure for Dublin.

"From the long-term point of view we do not care whether or not the Irish wish to call the representatives we exchange Ministers or Ambassadors. From the short-term point of view we would hope that the Irish Government would not press for a change. If our representatives continue to be called High Commissioners it might assist us in argument with a third country in maintaining that a special relationship existed between Ireland and Canada and consequently that Ireland is not a foreign country."

3. The subject was referred to the interested Divisions, namely Legal, Protocol, and Economic. Mr. Hopkins simply expressed the opinion that he did not think we should intervene. Mr. Measures stated that unless Canada would be adversely affected under commercial treaties to which Canada is a party, he did not think we would be justified in tying ourselves to the United Kingdom position, and he shared Mr. Hopkins view, adding that it might be to our advantage to inform the Irish High Commissioner at Ottawa informally that we would prefer to continue, for the present at least, on the present basis of inter-Commonwealth representation. The Economic Division has remarked that our trade agreements are just as vulnerable as those of the United Kingdom as they provide for the granting of preferences to countries "under the sovereignty of the King...." This Division did not, however, feel that it could give an opinion on the legal value attached to the continued use of the style "High Commissioner" rather than "Minister" or "Ambassador".

4. Because of the rather divided opinions among the Divisions interested, we have prepared somewhat of a compromise reply that might be given to the United Kingdom, which is set forth in the attached memorandum to the Minister which is submitted for your signature.†

5. Perhaps we should not be too worried about the legal defence of the "special relationship" with Ireland before an International Court, although we would not be happy to receive a decision to the effect that we had violated international agreements. The matter is perhaps one that the Irish Government itself is as much as or more immediately concerned with than we are. It was the Irish Government which first indicated that it was "anxious to continue the exchange of trade preference and citizenship rights." This continued exchange they felt could be justified and defended on the grounds of "long-established economic, social and trade arrangements". They have argued that the existing rights could be justified on grounds of tradition, custom, etc. The Irish seem confident that there is likely to be no challenge to the existing rights and privileges between Ireland and Commonwealth countries but that if such a challenge is made by a foreign country there are sufficient arguments to defend the relationship. If this is the way the Irish feel, perhaps we should not be unduly perturbed. We would, of course, do our utmost to maintain the *status quo* of trade and citizenship privileges but if successfully challenged in an International Court by a foreign country, then they would have to be abandoned or revised. The fault or responsibility, it would seem, would lie mainly with the Irish rather than ourselves.

838.

PCO/Vol. 163

*Note au premier ministre**Memorandum to Prime Minister*

CONFIDENTIAL

[Ottawa], April 7, 1949

MESSAGE TO PRIME MINISTER OF THE REPUBLIC OF IRELAND FOR THE CELEBRATION ON APRIL 18 OF THE COMING INTO FORCE OF THE REPUBLIC OF IRELAND ACT

1. You will have noted from Mr. Johnson's telegrams No. 36 of April 1† and No. 38 of April 2, † copies of which have been referred to you, that Irish representatives abroad are likely to be instructed, when making their official communication regarding the establishment of the Republic of Ireland, to indicate that a message of good wishes would be welcome. In the case of Commonwealth countries, it is expected that the suggestion will be for a message from Prime Minister to Prime Minister.

2. Pending an official approach from Mr. Hearne in the matter, some preliminary consideration has been given to the possible contents of such a message. The following draft is submitted for your consideration:

From the Prime Minister of Canada to the Prime Minister of the Republic of Ireland

On the occasion of the establishment of the Republic of Ireland, I have pleasure in extending to you, on behalf of the Government and people of Canada, the most cordial good wishes for a happy and prosperous future. At this time we cannot fail to recall the memorable contribution made by pioneers of Irish stock to the building of the Canadian nation. Remembering this, we look forward with confidence to the increasing development of the friendship which has for so many years linked the Irish and Canadian peoples together.⁴⁰

3. I might mention for your information that the passage of the Republic of Ireland Act seems to afford a more convenient means than hitherto of distinguishing between the whole island of Ireland and the country previously known as the Irish Free State, and later as Ireland. There has in the past been a tendency to use the Gaelic name Eire for the country, in the belief that Northern Ireland was thereby necessarily excluded—a belief which seems unfounded. It will now be possible, by the use of the full designation "Republic of Ireland," to make it perfectly clear what territory is intended. The Department of External Affairs and its missions abroad are therefore adopting the policy, on and after April 18, of using this designation in formal references or whenever it is desirable to define carefully what territory is being referred to. The terms "Ireland" and "Irish" are being retained for casual use. The titles "High Commissioner for Ireland" and "High Commissioner for Canada in Ireland" could of course be altered only by government action, which does not at

⁴⁰ Envoyé comme secrétaire d'État aux Affaires extérieures au haut-commissaire en Irlande, no. 41, le 15 avril 1949.

Sent as Secretary of State for External Affairs to High Commissioner in Ireland, No. 41, April 15, 1949.

present appear desirable, particularly as the Irish Government had no intention of providing a means of distinguishing between the territory under its jurisdiction and the island as a whole when it introduced the Republic of Ireland Act.

4. In accordance with the new departmental practice, the message in paragraph 2 above is drafted as to the Prime Minister of the Republic of Ireland. The references in the message to pioneers of Irish stock and to the Irish people do not of course exclude Northern Ireland.

5. In Mr. Johnson's telegrams of April 1 and 2 he also asked confirmation of his assumption that he should attend the ceremonies to which the Dublin diplomatic corps will be invited for April 18. These consist of a mass, a military ceremony at the General Post Office, and a reception. We shall probably instruct him that there is no objection. The only feature as to which there might be any doubt is the military ceremony at the General Post Office, which was the headquarters in 1916 of the revolutionary government which first proclaimed the Republic of Ireland, and which was bombarded and set on fire by British forces in suppressing the revolt. The President of the Republic of Ireland will attend this ceremony, and I think that if Mr. Johnson is invited to attend he should accept. The ceremony will be analogous to a Fourth of July ceremony in Washington, which also commemorates a revolution.

839.

DEA/8204-P-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Irlande*

*Secretary of State for External Affairs
to High Commissioner in Ireland*

TELEGRAM 42

Ottawa, April 16, 1949

SECRET

Reference your letter of February 24† and your despatch No. 3 of January 7, 1949,† concerning status of Irish citizens after Easter Monday April 18.

Government does not plan to amend Canadian Citizenship Act during this Session of Parliament. In view of the forthcoming Commonwealth Prime Minister's Conference which we understand may take place in London shortly and in view of the fact that Department of Justice has not yet rendered an opinion concerning questions relating to the coming into force of the Republic of Ireland Statute, it is impossible at this time to give you detailed instructions covering all aspects of this subject.

However, following instructions are for your guidance pending receipt of further detailed instructions at a later date:

(a) You should refrain from making any public statement concerning the position of Irish citizens under Canadian Law.

(b) You should answer all inquiries of a general nature concerning the rights of Irish citizens including such matters as the holding of public positions, exercise of

the franchise, liability to military service, double taxation, etcetera, and unemployment or other social insurance benefits, by making general statements that it is the policy of the Canadian Government not to regard Irish citizens as aliens and to accord them as far as possible the same privileges as British subjects. You should refer requests for more detailed information to Ottawa.

(c) You should refer all questions concerning admissibility to Canada to Ottawa for a ruling by the Director of Immigration until further notice. Immigration report that recommendations are being submitted to change P.C. 4849 and P.C. 4851 to provide for admission of citizens of Ireland under the same conditions as British subjects defined in paragraphs 1 of those Orders-in-Council.

(d) All persons inquiring as to their right to acquire Canadian citizenship should be informed that the Canadian Law does not provide for citizenship by registration and that five years residence is required of all persons entering Canada after January 1, 1947 as a condition for acquiring Canadian citizenship regardless of whether they are British subjects or aliens. You should avoid any reference to the procedure and in particular to the necessity of a court hearing under Section 10(1)(a) of the Canadian Citizenship Act.

840.

DEA/50021-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], May 12, 1949

THE IRELAND BILL AND IRISH REACTIONS

1. Recent telegrams from Dublin, of which a set is attached† for your convenience, indicate that all parties in the Dail are taking the most violent exception to the passage by the United Kingdom Parliament of that part of the Ireland Bill which provides "that Northern Ireland remains part of His Majesty's dominions and of the United Kingdom" and will not cease to be part of them without the consent of the Parliament of Northern Ireland. Nevertheless today's newspapers report that the bill, including this provision, has passed the United Kingdom Commons.

2. A debate on the matter took place in the Dail on May 10, on a motion by the Prime Minister placing on record the indignant protest of the Irish Government and calling upon the United Kingdom Government to end the occupation of the Six Counties. De Valera⁴¹ supported the motion, appealing to statesmen in other countries to dissuade the United Kingdom from passing the bill. Mr. Costello stated that his Government would organize a tremendous effort among Irishmen both in Ireland and abroad to undo partition.

⁴¹ Eamon de Valera, chef de l'Opposition/Leader of the Opposition.

3. Mr. Johnson is taking a strictly neutral position and will express no opinion on the merits of the bill, unless he receives instructions to take a more positive line.

4. Mr. MacKay has been spending the week in Ireland, and is leaving for Canada by TCA on Saturday. He will no doubt be able to supplement Mr. Johnson's reports with his personal impressions of the Dail debate.

5. In the agitation over the part of the bill which deals with Northern Ireland, no attention is being paid in Ireland to the bill's primary purpose, which is to ensure that under United Kingdom law the Republic of Ireland shall not be treated as a foreign country. A copy of the bill is attached for your examination.

6. I think that, in the circumstances, Johnson should adhere to his policy of saying nothing as to the merits of the Ireland Bill.⁴² Any intervention in the controversy between the United Kingdom and the Republic of Ireland would be a difficult and delicate matter. It appears from here that the Irish Government is over-optimistic as to the degree of support for abolishing partition which might be expected from the population of Northern Ireland, and that it entirely fails to appreciate the position in which the United Kingdom Government would be placed if it withdrew its protection from a government and people which has stood by it in war so effectively as the Government and people of Northern Ireland have done. However, any hint to this effect from Canada would risk irritating the Irish Government still further, though it might have the advantage of lessening any illusions on their part as to the amount of sympathy on which they could count from the people of Canada in any attempt to high-pressure Northern Ireland into union or federation with them.

7. We might have to take exception to the expressed intention of the Irish Government to "organize a tremendous effort among Irishmen abroad" to undo partition,⁴³ if this involves agents of the Irish Government attempting to organize Canadian citizens of Irish descent into pressure groups designed to serve the ends of the Irish Government. The Canadian Government would not, I think, approve of the United Kingdom High Commissioner undertaking a campaign among the Sons of England and the Sons of Scotland with the idea of inducing them to support some controversial policy of the United Kingdom Government. There is always difficulty in controlling the tendency of the representatives of other countries in Canada to feel that Canadians whose ancestors came from their country are a part of their flock. The activities of German and Italian consuls in Canada before the war are an extreme case which illustrates the need for representatives of other countries to confine themselves to their proper duties of dealing with the Canadian Government, and of looking after the interests of their own nationals within Canada. However, we need make no decision about this at the moment. We can see how the "threat" develops.⁴⁴

⁴² Note marginale:/Marginal note:
I certainly agree L.B. P[earson]

⁴³ Note marginale:/Marginal note:
I agree LB P[earson]

⁴⁴ Note marginale:/Marginal note:
Yes [L.B. Pearson]

8. During the debate in the United Kingdom House of Commons yesterday on the second reading of the Ireland Bill, Mr. Attlee took the opportunity to reply to Irish criticisms. His principal argument was that, just as the United Kingdom had no right to force the Republic of Ireland to remain within the Commonwealth against its will, so it had no right to force Northern Ireland to leave the Commonwealth.

A.D.P. HEENEY

841.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, May 20, 1949

REPUBLIC OF IRELAND

15. Mr. MacKay reported that considerable feeling had been aroused in the Republic of Ireland by the Bill now before the United Kingdom Parliament designed to meet the situation created by the establishment of the Republic. The Bill proposes to give citizens of Ireland resident in the United Kingdom a special non-foreign status in accordance with the general understanding reached with the Government of Ireland after decision to repeal the External Relations Act and declare a Republic. The Preamble of the Bill however includes a clause to the effect that the status and territorial integrity of Northern Ireland will not be changed except by consent of the Parliament of Northern Ireland. The Government of the Republic has objected strongly to this clause, primarily because it puts in statutory form an undertaking which has hitherto been at most a statement made to Parliament by the United Kingdom Government. The Government of the Republic protests that this gives an opportunity to the Government of Northern Ireland for gerry-mandering constituencies where there are Nationalist voters, and freezes the situation with regard to Partition. A resolution introduced in the Dail by the Government was carried unanimously, and at a monster open-air meeting in Dublin on the 12th of May the Leaders of all Parties appeared on the platform to protest against the Bill. The Government of the Republic are urging Irish citizens to appeal to persons of Irish extraction abroad, and they have already sent to other Commonwealth Governments, and possibly to other Governments, copies of their protest to the United Kingdom. They may even try to get their case before the United Nations. There is some danger that Nationalist extremists in Ireland may be incited to take direct action against Northern Ireland. There is also some danger that opinion may be aroused in certain quarters in the United States against the continuance of ECA funds to the United Kingdom on the ground that it is occupying part of Ireland.

842.

DEA/6939-40

*Le haut-commissaire par intérim en Irlande
au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Ireland
to Secretary of State for External Affairs*

DESPATCH NO. 106

Dublin, May 24, 1949

CONFIDENTIAL

Sir:

I am sending you notes on conversations which Mr. R. A. MacKay and I had with Mr. Costello, Mr. MacBride, and Mr. Boland (Secretary of the Department of External Affairs), when Mr. MacKay was here during the second week of May. These notes do not add very much to what these same men have said in public, but are interesting in that they show what views they wished to convey to a senior officer of our Department and, through him, to you.

Mr. Costello:

2. Mr. MacKay and I saw Mr. Costello on Thursday afternoon, May 12th, for about an hour in his office in the Dail. The only other person present was Senator James Douglas, who arranged the interview. Mr. Costello's remarks may be summarized as follows:

(a) He emphasized that the feeling against Britain was never so high. The Republic was united on this issue as never before. He was afraid of what might happen in the North. The United Kingdom always makes settlements with Ireland too late, and then grants to force what it refuses to grant to political negotiation. Young Nationalists in the North know all this and will be difficult to restrain.

(b) He said that the new United Kingdom Bill was quite unnecessary. It was a senseless provocation to make at this time. Mr. Costello emphasized that there was a big difference between a declaration of policy made by a Prime Minister, and a declaration of policy incorporated in a statute. The former could be changed so much more easily than the latter. He thinks that there is something sinister about the phrase "territorial integrity". He links it up with the language of the Atlantic Pact, and thinks that the United Kingdom is attempting to enlist the help of the Atlantic powers in maintaining Partition.

(c) Mr. Costello was very bitter about some Members of the United Kingdom Cabinet. In his speech in the Dail on May 10th he said that he acquitted most of the Ministers, but not all of them of vindictiveness. He said that the Minister he did not acquit of vindictiveness was Mr. [Herbert] Morrison. Apparently there was an incident when Mr. Morrison was here last summer. Mr. Costello referred to it in his speech in the Dail on May 10th. Without mentioning Mr. Morrison's name he said: "I had to tell one of them last June that Partition was created by the Act of 1920. He refused to take my word for it; he said that he would have to have it verified." Mr. Costello also had unkind words for the Commonwealth Relations Office. He thinks

that Mr. Attlee, Mr. Bevin, and others, had very little idea of what was in the Bill until it was published, and that Mr. Noel-Baker and his staff put in the offending clause without drawing much attention to it. As evidence of this he said that even when Mr. MacBride saw Mr. Attlee, Mr. Bevin, and Mr. Noel Baker, after the Bill was published, Mr. Attlee and Mr. Bevin did not realize that the words "or any part thereof" were in the clause.

(d) Mr. Costello spent some time telling us about the arbitrary nature of the boundary between North and South. He said that the original intention was to include in Northern Ireland the whole nine counties of Ulster. It was realized, however, that Northern Ireland would, from the beginning, have had a Nationalist majority. As the area in which there was a Protestant majority was, by itself, too small to make a separate unit the boundary was in the end so drawn as to add to the Belfast area a sufficient number of counties to make it a viable economy and yet leave the area, as a whole, with a reasonable Protestant majority.

(e) Mr. Costello made the same point that he has often made publicly, namely, that by all international tests Ireland is one nation. Ireland has a well defined boundary, historic tradition, and homogeneous population. For some purposes the whole of Ireland is even now considered as an entity. He referred particularly to religion and sport. It is, of course, true that both the Catholic Church and the Church of Ireland are organized on an island basis. Again, in International matches against England, Scotland, Wales, and France, the Irish team is drawn from the whole of Ireland.

(f) Mr. Costello dealt with some objections to the ending of Partition given in the North. He was quite sure there would be no religious discrimination. The Irish are a very tolerant race, and there are already provisions in the Constitution ensuring freedom of religion, speech, and so on, but the Government would be willing to add such additional safeguards as the North might like.

(g) He said that the people of the North need not fear that they would be powerless. From the beginning he thought that they would hold the balance of power between the two main parties and would have more influence than their numbers might warrant. He paid a tribute to their business sagacity and thought that in no time they would be running the business of the country. The people who had cause to fear the end of Partition were, according to Mr. Costello, the business interests in the Republic.

(h) He dealt with the Social Service argument in a superficial way. He admitted that Social Services were much higher in the North than in the South. This, he said, was a mere matter of money. If the United Kingdom was now making a contribution to the Social Services of Northern Ireland then it would be only fair for the United Kingdom to continue to do so, because of its responsibility for creating Partition. If the United Kingdom refused to do this then the Republic would pay the sum necessary to maintain the services at the present level.

(i) As an indication of how difficult it would be to make an arrangement with the ruling class in the North Mr. Costello referred to an incident which had already been mentioned to me. Apparently the suggestion was once put to Sir Basil

Brooke⁴⁵ that he might like to meet Mr. Costello. The idea was that they should have a game of golf together. Sir Basil refused.

(j) Mr. Costello is hurt and resentful about the manner in which the British Bill was introduced.

(k) As we were leaving Mr. Costello said that throughout the length and breadth of the Republic there was the greatest good will for Canada. The interview ended on that note.

Mr. MacBride:

3. Mr. MacKay and I were the guests of Mr. Sean MacBride at lunch on May 12th. No other person was present. Mr. MacBride looked tired and drawn. He did not appear anxious to talk about the crisis then at its height, and most of the time was passed discussing other matters. He spoke about his trip to the United States, and said he was on the point of writing a personal letter to you about the discomforts and discourtesies experienced at Gander. About Partition he had the following to say:

(a) Feeling was running high. On his return to Dublin after a month's absence he had been surprised to find the Members of the Cabinet were so angry.

(b) He indicated that he was a restraining influence. Things were being said and done which made his task as Minister for External Affairs more difficult.

(c) He thought that the guarantee clause in the United Kingdom Bill was a stupid blunder. It was unnecessary and provocative.

(d) In response to a question from me he suggested that the best presentation which he had made of the Irish case on Partition was in his speech at Chatham House on 24th February, 1949.

(e) Ireland has no tradition of orderly development. The important thing was to keep the initiative in the hands of political leaders. He thought there was a real danger of violence.

Mr. Boland:

4. Mr. Boland had lunch with Mr. MacKay and me on May 11th. The only other persons present were Mr. Dignam, High Commissioner for Australia, and Mr. Hicks. Mr. Boland is always forthcoming in talks of this kind and gave a lot of interesting information. Here is a summary, prepared by Mr. Hicks, of what he said:

(a) Someone asked Mr. Boland if a formula similar to that proposed by Mr. Mackenzie King with regard to Newfoundland's entry into Canada would have been acceptable to the Irish Government, namely a declaration to the effect that Northern Ireland would not be required to enter into union with the Republic without the freely expressed consent of her people. Mr. Boland said that, under present circumstances, this formula would not be acceptable. The Six-Counties was an artificially created area whose boundaries were defined by Carson so as to exclude three counties of Ulster and only include six counties where the Northern Unionists

⁴⁵ Premier ministre de l'Irlande du Nord/Prime Minister of Northern Ireland.

would have a permanent safe majority. If the formula were to embrace the whole province of Ulster, this would be acceptable.

(b) Mr. Boland was asked why the Irish Government seem to feel there was such a great difference between Mr. Attlee's assurances to Northern Ireland in October and November of last year, and the clause giving a guarantee to Northern Ireland in the present Ireland Bill. Mr. Boland said that the terms of the guarantee referring to the Parliament of Northern Ireland had been a surprise to him. The attitude of the British Labour Government in the past had seemed to be that they hoped that a solution to the Partition of Ireland might be found, but that they would do nothing to coerce Northern Ireland. The wording of the objectionable clause was negative and seemed to encourage what the Irish would regard as Northern Ireland's intransigence. Mr. Boland had hoped that the clause referring to Partition would be phrased to suggest that Britain would welcome the end of Partition but only if it was brought about as a result of a resolution passed by the parliaments of both Northern and Southern Ireland.

(c) There was some discussion as to whether the responsible Ministers in England realised what a storm of protest the present clause would raise in Ireland. Mr. Boland felt that if Lord Rugby⁴⁶ had been consulted he would have given a strong warning. Mr. Boland said that the present action of the British Government had been most unfortunate. There had been real progress in recent years towards a solution of Partition. The idea of a Federation, with Northern Ireland keeping its own local parliament, had been accepted by Irish opinion as a possible solution, which was not the case fifteen years ago.

(d) Mr. Boland was asked why the discussion was so violent. He thought that, in the case of Mr. Costello, it was a matter of personality. Mr. de Valera's speech had in fact been more restrained. Mr. Boland said that the great fear of Irish political leaders was that the issue might get out of hand. There was, after all, a strong revolutionary tradition in Ireland: the people were not trained by centuries of precedent to rely on constitutional and orderly change. It was, therefore, necessary for the Government and the main Party leaders to keep the initiative. The danger was that if one Orangeman was shot in Northern Ireland and an Irish Nationalist executed, then violence might easily break out. A symptom of this type of thinking was various resolutions calling for violent action and in some cases referring to the recent example of Israel, which were being passed by irresponsible local bodies.

(e) Discussing the recent Commonwealth Conference and the Indian solution, Mr. Boland remarked that the formula of referring to the Crown as a symbol and recognizing the King as the Head of the Commonwealth was an Irish formula, and was first advanced in 1920 by Mr. de Valera. United Kingdom officials, in preparing for the recent Conference, had, in fact, studied Mr. de Valera's proposals of that time. Mr. Boland had remarked recently to Mr. de Valera that if he were not careful he would go down in history as a great Commonwealth statesman.

(f) Mr. Boland was asked if Ireland with Partition ended would accept the Indian solution? Granting that this event was most unlikely, Mr. Boland thought that the

⁴⁶ Représentant du Royaume-Uni en Irlande/Representative of the United Kingdom in Ireland.

majority of the people, even of Southern Ireland alone, would accept the Indian solution. Mr. Dignam mentioned the view of some Australian critics of the Indian solution that allegiance to the Crown was an essential part of the nature of the Commonwealth. Mr. Boland thought that the Commonwealth leaders had always been very wise in avoiding any suggestion of exclusiveness in the Commonwealth. To India and to African Colonies approaching Commonwealth status, the Crown was, as it was to Ireland, a symbol of repression commanding no natural feeling of allegiance, and it would be unwise to try to insist on it.

I have, etc.

DAVID. M. JOHNSON

843.

DEA/50021-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], May 30, 1949

IRELAND BILL

1. On May 25 Mr. Hearne called and left with me the attached copy of a "Memorandum on the Ireland Bill."† He said he had been instructed to deliver it to you personally or, if you were not available, to me. I have sent him a written acknowledgement with an assurance that it would be brought to your attention on your return.

2. The memorandum is simply a summary of the Irish case against that part of the Ireland Bill which deals with Northern Ireland. It does not, unless inferentially, request any action by the Canadian Government, and seems to call for no further reply than the acknowledgement which has already been sent. It is based on the assumption that the right of self-determination inheres in the inhabitants of all Ireland jointly, not in those inhabiting any one part of the island (unless perhaps in the inhabitants of those areas of Northern Ireland in which there is a majority opposed to partition).

3. An interesting point in the memorandum is its contention that the reference in the preamble of the Ireland Bill to "the territorial integrity of Northern Ireland" is meant to place it under the guarantee of the North Atlantic Treaty. It does not seem likely that the phrase was inserted for that purpose. Northern Ireland, as part of the United Kingdom, would automatically share in any protection afforded by the North Atlantic Treaty against aggression from without. Moreover, the United Kingdom would not be likely to need assistance from other signatories of the North Atlantic Treaty in coping with an attack on Northern Ireland from south of the border.

4. The Ireland Bill passed second reading in the House of Lords last week. An interesting feature of the earlier passage through the House of Commons was the strength of the opposition within the Labour Party to the section dealing with

Northern Ireland. The anti-partition campaign carried on within England by Mr. MacBride and Mr. de Valera during their visits seems to have been quite effective.

E[SCOTT] R[EID]

6^e PARTIE/PART 6

STATUT ET DÉSIGNATION
DES CHEFS DE POSTE DU COMMONWEALTH
STATUS AND DESIGNATION OF
COMMONWEALTH HEADS OF POST

844.

PCO/Vol. 107

Le premier ministre du Royaume-Uni au premier ministre

Prime Minister of United Kingdom to Prime Minister

CONFIDENTIAL

[London], November 14, 1949

PERSONAL MESSAGE FOR MR. ST. LAURENT FROM MR. ATTLEE,
DATED 14TH NOVEMBER 1949

The Government of India have indicated informally to our High Commissioner in New Delhi that when India becomes a Republic on 26th January, 1950, they are likely to suggest that their representatives in other Commonwealth countries should be styled "Ambassador".

2. You will remember that we had a somewhat inconclusive discussion on this question of title at the meeting of Commonwealth Prime Ministers in October, 1948, and we then agreed to leave the matter over until a later meeting. This is, however, a matter on which it is desirable that there should be uniformity of practice among all members of the Commonwealth;⁴⁷ and if India should finally decide to style her representatives "Ambassador" it would be awkward to leave an obvious disparity of practice until such time as we could all discuss the matter again at the next meeting of Prime Ministers. I should therefore welcome an early expression of your views on the question whether if India makes this change it would be better for other Commonwealth Governments to do the same or to accept the position that India has followed one course while all or most of the other Commonwealth Governments follow another. In considering this you will doubtless keep in mind that the Republic of Ireland intends that, as new appointments are made, her representatives in Commonwealth countries should be styled "Ambassador". It would not look well if India, which has remained within the Commonwealth as a republic, should adopt the style favoured by the Republic of Ireland, which left the Commonwealth on becoming a republic, while other Commonwealth Governments continued the use of the title "High Commissioner".

⁴⁷ Note marginale:/Marginal note:
I agree [L.] St. L[aurant]

3. I need not repeat the general arguments for and against the change which India is contemplating. These were fully stated in our discussion in October, 1948. The main difficulty is that short of accepting the title "Ambassador" we have never been able to find a really satisfactory alternative to the title "High Commissioner". It has recently been suggested to me that "Commonwealth Ambassador" might serve.⁴⁸ Perhaps you would also let me have your views on that suggestion.

4. As Pandit Nehru is in London this week I have taken the opportunity of discussing this matter with him. I am glad to find that he recognises the desirability of maintaining uniformity of practice in this matter on the part of all members of the Commonwealth. And my talk with him left me with the impression that he did not personally think it of very great importance that India's representatives in Commonwealth countries should in future be styled "Ambassador". I do not know, however, whether his Government could be prevailed upon to refrain from making this change of title.

5. I should add that we have ourselves been considering the question of diplomatic immunity for the representatives of Commonwealth countries. As you will see from a separate telegram which is being addressed to your Government on this point, we are prepared to introduce legislation placing the representatives of Commonwealth countries, irrespective of their title, on the same footing as foreign Ambassadors in this matter, provided that the other Commonwealth countries concerned accorded similar immunities to our representatives in their capitals.⁴⁹

845.

DEA/10566-40

*Note du secrétaire du Cabinet
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Secretary to the Cabinet
to Secretary of State for External Affairs*

[Ottawa], November 17, 1949

There are two or three points arising out of this week's exchange of views between the Prime Minister and Mr. Attlee about the style and status of Commonwealth representatives that might be followed up by External Affairs:

(1) Any general change in style would give us an opportunity to get out of the rather anomalous position in which we withhold the courtesy of "Excellency" from Commonwealth representatives accredited here. The alternative "Honourable", to which I must plead guilty, is awkward, unauthorized and might be quietly dropped when the general change in style takes place.⁵⁰

⁴⁸ Note marginale:/Marginal note:

No [L.] St. L[aurant]

⁴⁹ Note marginale:/Marginal note:

I think we should be willing to do so too [L.] St. L[aurant]

⁵⁰ Cette note marginale ainsi que les trois suivantes sont de la main de A.D.P. Heeney:

This and the following three marginal notes are by A.D.P. Heeney:

I agree

(2) The rider to last year's agreement about the status and precedence of Commonwealth representatives, viz., that, though they should rank with Ambassadors by date of appointment, they would not, despite seniority, ever be Dean of the Diplomatic Corps, had its real reason, I suspect, in the fact that Commonwealth representatives, though accorded de facto all the privileges of foreign Ambassadors, did not have the legal position on which the immunities, enjoyed by the foreign diplomatic representatives, are based. If, as suggested in the last paragraph of Mr. Attlee's message, we should now proceed to give a statutory base to immunities to Commonwealth representatives, this reason for this rider disappears, because a Commonwealth representative would be in the same position as any other diplomatic representative in upholding the status and privileges of the Diplomatic Corps vis-à-vis the government to which they are accredited. I do not know whether this is a point worth raising in the Prime Minister's reply to Mr. Attlee, but we might think of asking the United Kingdom whether they regard it as one of the consequences which might be expected to flow from the proposed legal definition of the status of Commonwealth diplomatic representatives.⁵¹

(3) If it is generally agreed that the other Commonwealth countries should change the style of the representatives they exchange with each other from High Commissioner to Ambassador because India, on becoming a republic, is going to call its representatives Ambassadors, then I think there is a good deal to be said for anticipating this development and making the change effective from some agreed date prior to the adoption of the new Indian constitution, so that the change in style would not be regarded as a direct consequence of India becoming a republic.⁵²

(4) I think it would be a pardonable indiscretion to tell John Hearne, in confidence, that the whole subject is again under active consideration, and that something may be expected to develop within the next few weeks.⁵³

N.A. R[OBERTSON]

846.

DEA/10566-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2058

Ottawa, November 21, 1949

CONFIDENTIAL

Please deliver the following message from Prime Minister to Prime Minister of the United Kingdom. Begins.

⁵¹ Yes—& they sh[oul]d be on all fours with other Ambassadors in this respect

⁵² Very good point

⁵³ I shall do so at first opportunity.

1. I was very glad to learn from your message of November 14 of your own attitude towards the designation of representatives exchanged between Commonwealth countries and of your conversation with Pandit Nehru on this point.

2. I heartily support your opinion that this is a matter on which it is desirable that there should be uniformity of practice among all members of the Commonwealth. To have in the same capital an Ambassador from India and High Commissioners from other Commonwealth countries does not appear to be in keeping with the spirit of the conclusions of the Prime Ministers' meeting held last year. The term "Commonwealth Ambassador" or any other middle term between "High Commissioner" and "Ambassador" would not, in my opinion, be a satisfactory alternative and might not be acceptable to the Indian Government. Consequently, if the Government of India, or of any other Commonwealth country, feels strongly on the point, I believe that there should be a general adoption of the designation "Ambassador".

3. It appears to me that it would be unfortunate to give the impression that the change in designation of Commonwealth representatives results only from India's decision to become a republic. Consequently if Commonwealth Governments are in agreement on the taking of this step, I would suggest that it be made effective before January 26. Perhaps January 1 might be as good a date as any.

4. I am pleased to note that the United Kingdom Government is disposed to give to Commonwealth representatives full diplomatic immunity. I trust that other Commonwealth Governments will take action similar to that of the United Kingdom. Although it might not be possible for us to introduce legislation at an early date on this subject, we shall look into the matter immediately so as to be in a position in the not too distant future to reciprocate immunities which would be extended to Canadian representatives in the United Kingdom or in other countries of the Commonwealth. I assume that one consequence of placing Commonwealth representatives on the same footing as foreign ambassadors will be to permit them to hold the position of dean of the diplomatic corps.

847.

DEA/10566-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2094

Ottawa, November 30, 1949

SECRET

Your telegram No. 2284 of November 24.† The full text of Mr. St. Laurent's reply to Mr. Attlee's message concerning designation of Commonwealth representatives has been sent to Canadian High Commissioners in South Africa, Australia and New Zealand with the request that they present copies to the Prime Ministers of these countries and enquire concerning their attitude to proposed developments. It is pointed out that the suggestion concerning January 1 results from the Canadian

Government's desire to demonstrate that the change results from the conviction that it is justified on its merits and not merely as a consequence of constitutional developments in India. We are making similar approach to the Prime Minister of Pakistan, through the Pakistan High Commissioner in Ottawa. Please act similarly with respect to the Prime Minister of Ceylon through the High Commissioner for Ceylon in London.

2. I would be grateful if you would advise the Commonwealth Relations Office of our action and enquire concerning communications to government of India subsequent to Mr. Attlee's conversation with Pandit Nehru. Especially as we are not certain of Indian Government's attitude, it would be improper for other Commonwealth Governments to reach decision without advising Indian Government of the consultations. We shall not approach Indian Government through our High Commissioner until learning from you concerning any further approaches from Mr. Attlee to Pandit Nehru.

848.

DEA/10566-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2339

London, December 1, 1949

SECRET

Reference your telegram No. 2094 of November 30th re designation of Commonwealth representatives.

1. Text of Mr. St. Laurent's reply and substance of views contained in paragraph 1 of your telegram under reference are being sent at once to High Commissioner for Ceylon in London, for transmission to his Prime Minister.

2. Commonwealth Relations Office was advised today of your action. [Ben] Cockram, with whom this matter was discussed, pointed out that Mr. Attlee's message of November 14th had been based upon an informal indication given to the United Kingdom High Commissioner in New Delhi by the Indian Government that such a change is likely to be suggested when India becomes a Republic. He emphasized, however, that Indian Government had not yet made any formal proposal on these lines, and drew attention particularly to paragraph 5 of Mr. Attlee's message, which indicated that when this matter had been discussed with Pandit Nehru in London, the latter did not seem to take a great interest in the question. Cockram added, confidentially, that he had discussed the same point with Bajpai here, from whom he had obtained the impression that the matter was not one of fixed Indian Government policy, but was rather an informal and exploratory enquiry based in part upon the pressure of certain Indian Government representatives abroad who felt that their status would be enhanced by such a change.

3. Under these circumstances, therefore, Cockram said that the United Kingdom Government had been anxious to secure the views of the other stated Commonwealth Governments, but had not, repeat not, made any communication to the Government of India subsequent to Mr. Attlee's conversation with Pandit Nehru. He added that apart from the Canadian reply, no replies had been received as yet from the other Commonwealth Prime Ministers to whom Mr. Attlee's original message had been sent.

4. Cockram's personal view was that the point made in paragraph 3 of your telegram No. 2058 of November 21 was an extremely sensible one. In view of the New Zealand and Australian elections, however, he was dubious personally whether it would be practicable to work out a declaration by the date of January 1st suggested. However, he agreed to let us know when subsequent replies had been received, and was proposing to cable the United Kingdom High Commissioners in South Africa, Australia, New Zealand, Pakistan and Ceylon asking that they should suggest to those Governments that they should circulate their views to the other Commonwealth Governments to whom the Prime Minister's message of November 14th was originally addressed.

849.

PCO/Vol. 163

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 20, 1949

EXCHANGE OF EMBASSIES BETWEEN CANADA AND THE REPUBLIC OF IRELAND

Since December 1948, the Government of Ireland has made a number of informal approaches with a view to ascertaining whether the Canadian Government would be disposed to changing the designation of the representatives exchanged between two countries from "High Commissioner" to "Ambassador." As consideration has been given to so changing the designation of representatives exchanged between Commonwealth countries, no response has been made to the Irish overtures.

2. Without any prior consultation with other Commonwealth countries, India accredited to Ireland an Ambassador who presented his Letters of Credence on July 30th, 1949.

3. By note of December 6th, the Irish Minister of External Affairs informed the Acting High Commissioner for Canada that his Government proposes to appoint Mr. Sean Murphy, presently Irish Minister to France, to Canada and would appreciate, "an early intimation of the Canadian Government's agreement to Mr. Murphy's appointment as Ambassador Extraordinary and Plenipotentiary." One argument against using the term "Ambassador" to describe Irish representatives in Commonwealth countries and Commonwealth representatives to Ireland is that this would remove a symbol of the special relationship which exists between Ireland

and the Commonwealth countries, a relationship which we contend is not one between foreign states and which therefore entitles us to continue to grant preferential tariffs to each other. However, if Ireland is willing to take the risk of increasing the chances of third countries successfully challenging this contention, it is hard for Commonwealth countries to base their policy on that argument. Moreover, the argument has already been weakened by the exchange of Ambassadors between India and Ireland.

4. The Governments of the Commonwealth, with the exception of the Government of India, have been informed by telegram dated December 10th† that the Canadian Government is disposed to meeting the Irish request.

5. I recommend, therefore, that Cabinet authority be obtained for seeking the King's approval for the acceptance of Mr. Murphy as Ambassador of the Republic of Ireland to Canada and for the designation in due course of the Canadian representative in Dublin as Ambassador.

A.D.P. HEENEY

850.

DEA/10566-40

*Le premier ministre du Royaume-Uni au premier ministre
Prime Minister of United Kingdom to Prime Minister*

SECRET

[London], December 23, 1949

PERSONAL MESSAGE TO MR. ST. LAURENT FROM MR. ATTLEE
DATED 23RD DECEMBER, 1949

It seems clear that there is no prospect of agreement being reached on question of title of High Commissioners before 1st January as hoped by Canadian Government. Meanwhile I understand from Delhi that Pandit Nehru has it in mind to raise the matter in an informal way at Colombo Conference. There are indications that Pandit Nehru does not consider that a change, if one is made, need take place immediately on India becoming a republic. The shortness of the interval between conclusion of Conference and 26th January is not therefore the objection which it might otherwise be. I should be glad to know whether in the circumstances you agree that delegates may be authorised to discuss this matter if Pandit Nehru should raise it.

7^e PARTIE/PART 7COOPÉRATION EN MATIÈRE DE DÉFENSE
DEFENCE CO-OPERATION

851.

DEA/7-DA(s)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], January 20, 1949

ITEM NO. 2 ON CABINET DEFENCE COMMITTEE AGENDA FOR JANUARY 20:
REPORT RE COMMONWEALTH MEETING ON DEFENCE SCIENCE

You will recall that, at the meeting of Cabinet Defence Committee on December 21, 1948, it was decided—in view of breaches of security in Australia and the risk of the U.S. withholding classified information—that the meeting of Commonwealth and U.S. defence scientists, planned for February, 1949, in Ottawa, should be postponed; that the other countries be so informed; and that future arrangements would be a matter for consideration after informal consultation with the United Kingdom authorities.

I understand that, at today's meeting, Dr. Solandt will report on the results of his recent correspondence with the United Kingdom authorities.⁵⁴

E[SCOTT] R[EID]

852.

DEA/50255-40

*Le haut-commissariat du Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures*

*High Commission of United Kingdom
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, July 28, 1949

Dear Mr. Heeney,

COMMONWEALTH ADVISORY COMMITTEE ON DEFENCE SCIENCE

This Committee met last in London in November, 1947, and then consisted of representatives of Canada, Australia, New Zealand, South Africa and the United Kingdom. In view of the uncertainty which existed in 1947 as to the future relation-

⁵⁴ Solandt rapporta que le Royaume-Uni se préparait pour une réunion non-officielle. Le Comité de défense du Cabinet ne posa pas d'objection à la présence de scientifiques canadiens. Solandt reported that the United Kingdom was preparing for an informal meeting. The Cabinet Defence Committee did not object to attendance by Canadian scientists.

ship of India with the rest of the Commonwealth, India was not invited to take part. Since that date the position in India has changed, but the Government of India did not raise the question of participating in the proceedings of the Committee and no attempt has been made to bring India (or Pakistan) into the Committee. India remained, however, in the agreed composition of the Advisory Committee—see Annex A to I.C.C.D.S./17 (Final) of 4th July, 1946.†

2. Consideration has recently been given by a working party of the Advisory Committee, as at present constituted, and by the United Kingdom Government, to the possible form of the next meeting of the Committee. Canada has been represented on the working party. The working party agreed unanimously that an attempt should be made to hold a meeting in the United Kingdom in the spring of 1950 and that, provided that the present members of the Committee agree, invitations should be extended to the Government of India, Pakistan and Ceylon to become members of the Committee. A list of fourteen subjects has been drawn up from which an agenda could be chosen which would not involve any security problem.

3. If India, Pakistan and Ceylon do become members of the Committee it will be necessary to amend the Committee's terms of reference. It is contemplated that the working party should examine this question and should make recommendations to the Committee.

4. If it is generally agreed that these three members of the Commonwealth should be invited to join the Committee, and, if they accept the invitation, it is envisaged that papers circulated to the Committee in its enlarged form should be issued in a new series and that the new members should not be given access to papers of the old series. Every effort would be made so to arrange matters as not to provoke from the new members of the Committee requests for previous Committee papers.

5. It is assumed that, if the Committee is re-formed so as to include India, Pakistan and Ceylon, the objections which have been felt in some quarters to designating as a "Commonwealth Committee" a committee which does not actually include all members of the Commonwealth would fall away.

6. I have been asked to inform you that the United Kingdom Government, for their part, agree with the proposals of the working party and will be happy to arrange for a meeting to take place in London in the spring of 1950. I have also been asked to enquire whether the Canadian Government for their part agree with the proposals of the working party and agree that invitations to join the Committee should be extended to India, Pakistan and Ceylon. I should be grateful if you would inform me what I may say to the United Kingdom authorities in reply.

7. Similar enquiries are being addressed to the Governments of Australia, New Zealand and South Africa.

Yours sincerely,
G.B. SHANNON

853.

DEA/50255-40

*Président, Conseil de la Recherche pour la Défense
au sous-secrétaire d'État aux Affaires extérieures*

*Chairman, Defence Research Board
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, October 6, 1949

Dear Mr. Heeney,

Thank you for your letter of September 10th,† enclosing a letter of July 28th from the Deputy High Commissioner for the United Kingdom concerning the proposals of the working party of the Commonwealth Advisory Committee on Defence Science.

I have, as you suggested, discussed this matter with Mr. Claxton. I also raised it at the Meeting of the Defence Research Board at which the Chiefs of Staff of the three Armed Services were present. All agreed that there seemed to be no objections to Canada taking part in the meetings proposed by the United Kingdom. Our discussions made it quite clear that Canada would gain little or no direct advantage from these meetings. We already have excellent liaison arrangements with the United Kingdom and the United States and additional arrangements with other countries of the Commonwealth would add very little to our available knowledge and might even introduce some new complications. However, it was felt that the formation of this Committee should be regarded as a gesture of friendship toward the new Dominions and that this might make a small contribution towards stemming the spread of Communism.

I am personally inclined to suggest that the meetings in 1950 should not be regarded as a further meeting of the existing Commonwealth Advisory Committee on Defence Science. I would rather suggest that this Committee be formally disbanded and that a new Conference be called to discuss the interchange of information on Defence Science between the countries of the Commonwealth. This meeting could discuss the agenda that has already been proposed, but would not be faced with the necessity of restricting the terms of reference of the old Committee to meet the security problems of the new group. I will put this suggestion forward to our representative on the working party in London. Sir Alexander Clutterbuck consulted me informally on this matter and I have already given him the views outlined above, but he agreed not to take official action until he had heard from you.

Yours sincerely,

O.M. SOLANDT

854.

DEA/50255-40

*Le sous-secrétaire d'État aux Affaires extérieures
au haut-commissaire du Royaume-Uni*

*Under-Secretary of State for External Affairs
to High Commissioner of United Kingdom*

TOP SECRET

Ottawa, October 14, 1949

Dear Sir Alexander:

I refer to Mr. Shannon's letter of July 28 concerning the proposals of the working party of the Commonwealth Advisory Committee on Defence Science.

I should be grateful if you would inform the United Kingdom authorities that the Canadian Government agrees with the proposal to hold a meeting in the United Kingdom in the spring of 1950 to discuss the interchange of information on defence science between the countries of the Commonwealth. It also agrees with the recommendation of the working group that invitations to this meeting should be extended to the Governments of India, Pakistan and Ceylon.

Yours sincerely,

A.D.P. HEENEY

855.

DEA/50201-40

*Note de la direction de liaison avec la Défense
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], October 24, 1949

Items Nos. 5 and 6 on Chiefs of Staff Committee Agenda for October 25, 1949

EXCHANGES OF STAFF COLLEGE CANDIDATES WITH INDIA AND PAKISTAN

Background

As far back as last March, we were considering the advisability of raising this general subject with Chiefs in order to ascertain whether or not a way might be found to overcome the difficulties which have hitherto prevented us from exchanging Staff College trainee officers with these two Commonwealth countries. It was felt at that time, however, that it would be premature to open the matter in view of the following:

(a) India's indefinite position in the Commonwealth prior to the April meeting in London.

(b) The uncertainty surrounding the security precautions that India and Pakistan might be willing and able to undertake.

(c) The limited accommodation available in Canadian Staff Colleges.

It was decided at that time that the matter should be shelved for about six months.

Recent Developments

2. The United Kingdom Government apparently decided in June to offer vacancies to both India and Pakistan for the next courses at the Imperial Defence College and the Joint Services Staff College, even though this meant that changes in syllabi would have to be made to meet the requirements of security. In this connection, as you know, the United States Government has always placed a firm veto on the use of information originating from its sources at any British or Canadian Staff College attended by officers from the Asiatic countries of the Commonwealth, Australasia and South Africa. In spite of the United States veto, officers from Australia, New Zealand and South Africa have been accepted as candidates at the Imperial Defence College, although only after a careful check by M.I.5. As officers from India and Pakistan are to attend British Staff courses, it has, of course, been necessary for the United Kingdom Chiefs of Staff to ask the United States Chiefs of Staff to reconsider their attitude on the security angle with respect to India and Pakistan. We do not know what the outcome of their representation has been, and consequently do not know exactly what courses Indian and Pakistani officers are to attend at the I.D.C. or J.S.S.C. Four British officers are now attending the Pakistan Staff College at Quetta—an indication that an exchange between the United Kingdom and Pakistan has at least been initiated.

3. Chiefs have learned that the United States position with respect to United States Staff Colleges has remained substantially unchanged. Only British and Canadian officers are invited to attend the Armed Forces Staff College, the National War College and the Industrial College, although Indian and Pakistani officers are permitted to attend, at the Command and General Staff College, Fort Leavenworth, certain courses having a security classification no higher than "Restricted".

Present Position

4. General [Guy] Simonds, Commandant, National Defence College, has written a long letter to Chiefs, dated September 16, 1949, on this general subject. If you have an opportunity, I recommend your reading it in its entirety. Its first three pages contain an excellent summary of the political and military considerations bearing upon Canadian Staff College exchanges with these two countries. In considering the question, General Simonds differentiates between the Staff and Defence Colleges. The former, primarily designed to train officers in tactics and staff techniques, do not require the inclusion of highly classified material. The latter, dealing with high-level strategy cannot be effective if classified material is excluded. Also, it is easier to exclude Asiatics from the National Defence College than from Staff Colleges because it can be explained that the former deals mainly with problems of Canadian and North American defence which would not be of much interest to Asiatic countries. General Simonds makes the following recommendations:

(a) Subject to a satisfactory understanding with the United Kingdom and United States Chiefs of Staff, Canada should exchange *two* officers with India and *one* with Pakistan. The Indian and Pakistani officers would attend the Canadian Staff

College at Kingston and the Canadian officers would go to Wellington, India, and Quetta, Pakistan, respectively.

(b) In raising the matter with the United Kingdom and the United States, it should be made clear that the exchange of officers is considered more important than the inclusion of highly-classified material in Staff courses. If the United States Chiefs of Staff so desire, all highly-classified information from United States sources could be excluded without diminishing to any appreciable extent the value of the courses themselves.

(c) If the Governments of India and Pakistan ask to send students to the Canadian National Defence College, they should be put off on the grounds that the subject matter of the N.D.C. courses would be of little interest to them in as much as they deal primarily with matters of North American defence. At the same time, visits to N.D.C. with a view to the establishment of similar colleges in India and Pakistan could be encouraged.

5. General Simonds' recommendations seem entirely reasonable and I think we should support them in Chiefs. Politically, of course, there has never been any question of the stand we should take in the matter. Staff College exchanges of this nature are clearly one of the best means of strengthening Western relationships and of demonstrating the tangible benefits accruing from Commonwealth ties.

6. The hyper-sensitivity of Pakistan about its own position in relation to India might, however, make it advisable to exchange two officers with Pakistan instead of one as recommended by General Simonds. Pakistan has already offered to Canada one vacancy at its Staff College at Quetta. If we accept this offer, we might indicate that we are exchanging on a reciprocal basis, up to a limit of two.

7. We have had conflicting information in recent months as to the nature of the Staff courses to which the United Kingdom plans to admit Indian and Pakistani officers. Also we do not know the outcome of the United Kingdom-United States consultations in this connection. If, therefore, Chiefs approve General Simonds recommendations, I would assume that as a first step we should let the United Kingdom know of the new policy that we have in mind and ask for full details as to:

(1) the nature of the courses to which Indians and Pakistanis are to be admitted in the U.K; and

(2) the outcome of the U.K.-U.S. consultations.

We could then decide what action we wanted to take vis-à-vis the United States authorities and, ultimately, the Indian and Pakistan Governments.

8. This memorandum has been prepared in consultation with the Commonwealth Division.

[J.R. MCKINNEY]

Item No. 6 deals with an offer, received last July from Pakistan, of one vacancy on their Staff course commencing February 6, 1950. We referred it to Chiefs of Staff for a decision on August 4. I assume that our acceptance or refusal of the vacancy will be dependent upon the general policy decision with respect to Item No. 5 above.

R.A. MACKAY

856.

DEA/50255-40

*Le haut-commissaire du Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner of United Kingdom
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, November 9, 1949

Dear Mr. Heeney,

COMMONWEALTH ADVISORY COMMITTEE ON DEFENCE SCIENCE

With reference to your letter of 14th October on this subject, I have now heard that, in the light of the replies from the Australian, New Zealand and South African Governments, as well as that from the Canadian Government contained in your letter under reference, the United Kingdom High Commissioners in India, Pakistan and Ceylon have been instructed to convey to the Governments of those three countries invitations to join the new Committee, which, it is proposed, should hold its first meeting in the United Kingdom in the summer of 1950.

Yours sincerely,

ALEC CLUTTERBUCK

857.

DEA/50021-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 29, 1949

MILITARY SCHOOLS AND COLLEGES EXCHANGE OF STUDENTS BETWEEN CANADA,
INDIA AND PAKISTAN

Arrangements have been concluded for one Indian Army officer and one Pakistan Army officer to attend the next course at the Canadian Army Staff College, Kingston. By reciprocal arrangement, one Canadian Army officer will attend the next course at the Indian Army Staff College, Wellington, and another will attend the next course at the Command and Staff College, Quetta.

The Indian Government first approached the Canadian Government in regard to military training facilities in February 1948. Their first request, which was met, was for information about Armoured Corps courses in Canada. In June 1948, in response to another request, the Indian High Commissioner was given a comprehensive list of technical courses at Canadian Army schools at which it was expected that vacancies might be available. In April 1949 a copy of the official catalogue of Canadian Army schools and courses was sent to him for transmission to New Delhi.

In May 1949, Mr. H.M. Patel, the Secretary of the Indian Ministry of Defence, who was on a visit to Ottawa, raised with the Chiefs of Staff Committee the possibility of an exchange of students between the Staff Colleges of the two countries. About the same time, the Commander-in-Chief of the Indian Army told General Simonds in New Delhi that two vacancies at Wellington were being offered to the Canadian forces without any condition of reciprocity. The Canadian Chiefs of Staff Committee decided that it would not be possible at that time to accept any vacancies which might be formally offered. In fact no formal offer seems to have been made.

The Pakistan Government first approached us informally in September 1948 to enquire whether it would be possible to give air training in Canada to a group of twenty-two cadets. We replied that as available facilities were fully utilized we could not undertake to assist in the matter.

In February 1949 the Pakistan Government offered us one vacancy at the Command Staff College, Quetta, the financial proposals to be dependent upon reciprocal facilities at Kingston in due course. We replied that owing to prior commitments the offer could not be accepted. This offer was repeated by Pakistan in July 1949.

The question was reconsidered by the Canadian Chiefs of Staff in October 1949. It was then decided that the Canadian Army would offer one vacancy to the armed forces of India and one vacancy to the armed forces of Pakistan at the Canadian Army Staff College, but that for the present no vacancies would be allocated by the R.C.A.F. Staff College. The Chief of the Air Staff said that at a later date it might be possible for the R.C.A.F. to offer vacancies on a basis comparable to that proposed by the Army.

The offer of one vacancy each at the Army Staff College was made to the Indian and Pakistan Governments in November 1949 and promptly accepted.

Neither India nor Pakistan has raised the question of vacancies at the National Defence College. The view of the Canadian defence authorities is that the value of the Defence College would be seriously affected if vacancies were allotted to any nationals other than those of the United Kingdom and the United States. If necessary, it might perhaps be explained that the courses at the Defence College deal primarily with matters relating to the defence of North America and would therefore be of little interest to Indian and Pakistani officers.

Ceylon. To date the Ceylonese Government has made no approach to the Canadian Government for the exchange of officers to attend military schools or colleges.

R.A. MACKAY
for A.D.P. H[eeney]

8^e PARTIE/PART 8RELATIONS AVEC DES ÉTATS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

INDE: VISITE DU PREMIER MINISTRE

INDIA: VISIT OF PRIME MINISTER

858.

DEA/9908-Y-2-40

*Note de la direction du Commonwealth
pour le sous-secrétaire d'État aux Affaires extérieures**Memorandum from Commonwealth Division
to Under-Secretary of State for External Affairs*

[Ottawa], May 11, 1949

VISIT OF PANDIT NEHRU TO WASHINGTON

It has been noted in the press that Pandit Nehru has announced that he has accepted an invitation from President Truman to visit Washington in October. There has been at least one enquiry from the press whether Nehru will be coming to Ottawa.

2. Apart from being Prime Minister of such an important country as India, I think it is generally recognized that Nehru is one of the great statesmen and intellects of our time. Furthermore, in the near future India will enjoy a rather special position in the Commonwealth. For these reasons it is suggested that he should be invited to come to Ottawa as the guest of the Government, following his visit to Washington.

3. Presumably a formal invitation could not be extended to Nehru until after the general elections. However, perhaps our Acting High Commissioner in New Delhi could let it be known in the appropriate quarters that the Canadian authorities are anxious that Nehru should visit Ottawa when he is in this part of the world, but that with elections pending no formal invitation can be made at this time. He could add that it would be appreciated if Nehru would bear in mind a visit to Ottawa when he is making his plans. Immediately after a new Government is formed, the formal invitation could be extended.⁵⁵

4. I have discussed this with Mr. Kearney and he agrees very strongly that Nehru must be invited to Ottawa.

5. Please let me know whether you think some intimation could now be given by Mr. Scott in New Delhi, to be followed up by a formal invitation in the name of the Prime Minister after June 27.

⁵⁵ Heenev signale dans une note marginale que Pearson était d'accord.
A marginal note by Heenev indicates that Pearson approved.

6. Since I dictated this, it has occurred to me that a memorandum to the P.M. is really called for. He may wish to have a word with the Leader of the Opposition now. What is your wish?⁵⁶

A.J. PICK

859.

DEA/9908-Y-1-40

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Washington, September 28, 1949

Dear Arnold:

I have been thinking a little about the importance of Nehru's visit to this continent, and the subject has also come up in conversation with Franks and Kennan. I believe that the impressions which he derives may well affect his attitude as chief of the Indian Government in a number of ways and for a number of years. While he has come out more clearly on the side of the West during the last year, he has kept himself, I believe, in a position in which he can remain at least neutral in some of the battles in the cold war and in all the battles if we have to face a hot war.

He is said to be deeply distrustful of the spiritual values—this is the sort of language one must use about him—of the United States. I think that this is his first visit to this continent. It seems to me that while he is in Canada he should have the opportunity for long, informal and general talks with people who can express to him their conceptions of the principles upon which our society is founded. No one can do this better than the Prime Minister himself. The danger in the United States, and to some extent in Canada, is that he will go back to India with a personal impression that the society of North America is grossly materialistic. Such an impression would probably be in accordance with his preconceived idea, and he would be receptive to anything which would tend to reinforce it. He is a man who is concerned with spiritual values, and what one hopes may happen is that in quiet talk he will have an opportunity of meeting some important people, both here and in Canada, who can express to him simply and articulately their conception of the democratic society.

I suggest, therefore, that the big problems before us of defence, finance and trade should not occupy too large a place in discussions with Nehru. I hope that while he is here he may be able to spend some time with Dean Acheson, with whom I think he might establish a sympathetic understanding of the sort which he established with Stafford Cripps when Cripps was in India. This does not mean so much agreement on anything specific, but rather a philosophical and spiritual approach. I gather he has altogether too crowded a programme in the United States.

⁵⁶ Note marginale:/Marginal note:

Not necessary [A.D.P. Heeney]

If it is not too late to do so, I hope that some holes may be left in his Canadian programme which would permit the sort of conversations that I have mentioned.

You might think it worth while to pass this letter to Jack Pickergill or to see that these suggestions are mentioned to the Prime Minister through some other channel.

Yours sincerely,

HUME [WRONG]

P.S. In any discussion about the value of the Commonwealth connection, there is probably no one anywhere who could put the case more effectively to Nehru than the Prime Minister.

H.W.

860.

DEA/9908-Y-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Under-Secretary of State for External Affairs
to Prime Minister*

CONFIDENTIAL

Ottawa, October 4, 1949

RE: MR. NEHRU'S VISIT

Wrong has written me certain suggestions concerning the importance which Pandit Nehru's visit to Canada may have in the development of relations between Asia and the Western democracies.

I can do no better than attach, as I do, a copy of his letter. I most heartily agree with him as to the importance of your having talks with the Indian Prime Minister along the lines indicated. In his crowded North American programme there is, I think, real danger that his contacts will be confined to social occasions and the discussion of specific problems. You could do much to correct any such unfortunate impression. The programme in Canada will, I think, leave time for some intimate talk between you which would probably prove of much greater value than any number of "meetings".

If you agree I will do what I can to see that the Ottawa Schedule is adjusted with this in mind.⁵⁷

A.D.P. H[EENEY]

⁵⁷ Note marginale:/ Marginal Note:

I agree and suggest that an opportunity for a chat with Mr [Vincent] Massey, who might tell him of the underlying purpose of his Royal Commission, might help along the desired lines. [L.] St. L[aurant]

861.

DEA/9908-G-2-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le premier ministre*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], October 20, 1949

I attach for your information

(1) a biographical note on Pandit Nehru;†

(2) a note on the Kashmir question;†

(3) a copy of Mr. Nehru's speech of October 17 at Columbia University.† I have marked what I think are some of the more important passages in this speech but as a whole it is a most significant analysis of Indian foreign policy with which I think you would sympathize and which is well worth reading for the light it throws on Mr. Nehru's international standpoint.

We are also preparing notes for your use in introducing Pandit Nehru in the House of Commons and for the state dinner.

Pandit Nehru is not only the undisputed political leader of his country but he is also in a peculiar way the embodiment of its aspirations and the inheritor of the mantle of Mahatma Gandhi.

Throughout his active life he has been alternately involved in passionate resistance to British rule in India, periods of imprisonment, and prolonged intervals of profound reflection. His strongly philosophical and idealistic mind has been deeply affected by his participation in the creation of the new India and his external policies are clearly a direct outcome of his extraordinary life's experience.

They are also strongly influenced by the internal conditions of India itself.

The economy of India was severely damaged by partition and will take years to restore. Its population of over 350 million is growing at the rate of 4 millions a year: there is a desperate need of foodstuffs and the elementary necessities of life and of increasing production: and the organization and expansion of domestic industry under the new regime present the most formidable problems.

Mr. Nehru, like other rulers of countries with a low standard of living and a newly-awakened appetite for the benefits of a "welfare" state is faced with a dilemma. He was responsible for the declaration by the National Congress before India gained its independence, of a policy of nationalization. It is now apparent that owing to other preoccupations he may not be able to press on with this programme as rapidly as many of his people would wish. In consequence, his more radical followers are disappointed at the delay in socialist reform, and the Socialist Party opposition to the Congress Party is growing. At the same time there is some reason to believe that the policy of nationalization to which Mr. Nehru is committed in principle and towards which left wing elements are pushing him, may tend to deter foreign and even native industrial investment.

The partition of the sub-continent has added further to its economic disturbances. India has devalued the rupee in step with the pound. Pakistan has not. This has further dislocated trade between the two countries, and it is reported that India takes such a serious view of the situation that it has placed an embargo on the great bulk of Pakistan imports into India.

Political troubles are added to economic. Disputes with Pakistan have arisen over the diversion of the waters of rivers flowing from India into Pakistan: and over the disposition of refugee property on both sides. And most serious of all, there is the Kashmir question—on which a separate memorandum is attached.

Communism in India is growing and has led to near chaos in many parts. Large numbers of Communists have been imprisoned, the party has been banned in certain areas, and Mr. Nehru himself went to Calcutta a few weeks ago to quell the Communist-inspired riots of that city. He is acutely aware therefore of the national and international dangers of Communistic activity but will not align India with any major power or group of powers.

The principles of Mr. Nehru's foreign policy are the outcome of the domestic burdens of his government. His immediate needs as he has said are economic betterment and a higher standard of living. Above everything else he needs time and opportunity to concentrate on building the economic and social fabric of his country.

As regards his relations with the outside world, he desires "detachment" and as he says "we do not wish to forfeit the advantage that our present detachment gives us". Hence while adhering to the U.N. and its obligations, India wishes to make its contribution "in our own way and of our own choice". At the same time its policy, he declares, is neither negative nor neutral.

He is extremely sensitive then both to the danger of entangling relations with other nations and to any hint of interference with the policies of India. Hence his resentment over the personal letters to him from Mr. Attlee and Mr. Truman in August in which they publicly urged that the Government of India accept the proposal of the United Nations Commission on India and Pakistan that the issues involved in a truce agreement on the Kashmir question be submitted to arbitration.

All these circumstances will affect Mr. Nehru's public utterances and behaviour while in North America. At the same time, in private, occasion may arise to touch on one or two matters which are of direct concern to Canada.

The chief issue is the Kashmir dispute about which we are apprehensive. It is a threat to the peace of the Indian peninsula and a heavy drain on the military and financial resources of both countries. It is also a tempting ground for Russian trouble-making.

Indonesia is another matter with which we are concerned. Indonesia's future is now being discussed at a Round Table Conference at the Hague. No agreement has yet been reached on financial and military matters. In the Security Council Canada has from the start supported the aspirations of the Indonesians for self-government, which is in keeping with Mr. Nehru's emphasis on the need for emancipation of the people of Asia and Africa. We also consider that the Dutch still have a real contribution that they can make to the development of Indonesia. Because of the great

influence which India has in that part of the world we would hope that Mr. Nehru would continue to represent to the Indonesian leaders that the achievement of real national independence lies not merely in the severance of all bonds with other nations—even the former colonial power. Rather, independence for Indonesia is to be secured also through international cooperation in particular, we believe, cooperation with the Western World, including the Dutch, who are able and willing to help the Indonesians.

Communist expansion in Asia

The expansion of areas of Communist control in Asia threatens to engulf half the world's population and some of its most important raw materials. Canada's direct stake in China is small (500 missionaries, some resident businessmen, a \$20 million annual trade, and a \$75 million loan), but as a Pacific nation we cannot but view with concern the Communist victory in China and its threat to Southeast Asia. Mr. Nehru is believed to minimize the danger of Communist China becoming a tool of Soviet imperialism and to favour establishment of relations with the new Communist Government as less dangerous than isolating them and forcing them into the arms of Russia. He is also known to favour supporting nationalist movements in Southeast Asia and extensive western assistance to economic development projects as a means of countering Communism. It might be useful to draw out his views on this subject.

In his speech to Columbia University on October 17, Mr. Nehru summarized the basic causes of war as: the attempt of one country to dominate another: racial discrimination and the assumption of racial superiorities: and the misery and want of the masses of humanity. While we must never "surrender to aggression" or "compromise with evil", it is clearly his belief that a concerted attack on these "root causes" and not on the "symptoms" is the true way to reconciling the two hostile camps into which the world is now divided and dissolving "the terrible fear" that darkens men's minds.

Canada's relations with India

Since April 1947 when the B.C. legislature enfranchised the "East Indians" or "Hindus" as they have been termed in certain B.C. statutes the Indian community has suffered from no serious disabilities in Canada. Its members, as British subjects, enjoy federal and provincial voting and other political rights. Consisting almost entirely of some 1500 Sikhs (one quarter of whom are over 60 years of age) and resident on the B.C. coast, it now seems to have no grievance about its treatment. Its main complaint is about the restriction on the entry of near relatives, friends and business associates from India. But after legal entry under the immigration regulations there is no discrimination against Indians as to nationality or citizenship.

Immigration of Indians to Canada

Order-in-Council P.C. 2115 of September 16, 1930 prohibits the entry into Canada as immigrants of all persons of Asiatic race except the wives and unmarried children under eighteen years of age of Canadian citizens legally resident in Canada and in a position to care for their dependents. The provision applies to "British

Indians" as well as to other "Asiatics", this term being used in a geographical or continental sense. This is a form of discriminatory legislation which is not unnaturally resented by Indians. The former Indian High Commissioner in Ottawa has made some representations to the Deputy Minister of Mines and Resources regarding the operation of this Order-in-Council, and the latter has agreed to consider some minor modifications whereby fiancees will under certain conditions be admitted in the same way as wives, and children over eighteen will in certain cases be admitted provided original application was made before December 7, 1941. These minor changes can only be carried out by individual Orders-in-Council and do not affect the basic policy.

Pandit Nehru may raise the problem and object to the Canadian regulations because of the exclusion of Indians on the grounds of their "Asiatic race". It might be mentioned to him that consideration has been given from time to time to the possibilities of devising an immigration policy which would control the entry of persons from Asia without imposing a total exclusion on grounds of race. The Canadian Citizenship Act contains no discrimination of any sort on a racial basis and this country gives a basic equality of treatment for all races now living in Canada. It might be useful, however, to refer to the statement made by Mr. Mackenzie King, as Prime Minister, in the House of Commons on May 1, 1947 when he said that the Canadian Government "is prepared at any time to enter into negotiations with other countries for special agreements for the control of admission of immigrants on a basis of complete equality and reciprocity."

Canadian trade with India

Canada's export trade with India has greatly increased both relatively and absolutely in the decade since 1938. In that year Canadian exports to India were valued at \$2,863,000, whereas in 1948 they had arisen to \$41,473,000. This increase is accounted for primarily by expanded exports of capital goods such as locomotives, railway rails and automobiles. Exports of newsprint paper and some base metals (aluminum and copper) are also significant. The Indian Government has, on many occasions, attempted to increase imports of Canadian wheat to India and the inability of the Wheat Board to meet Indian demands has been a continuing source of friction. In 1946, wheat to the value of \$20,110,000 was exported to India. The following year the Wheat Board were unable to supply India with any wheat, although flour to the value of \$16,792,000 was made available. In 1948, the value of exports of wheat and flour were \$1,637,000 and \$763,000 respectively.

Imports from India have also increased substantially during the last 10 years, although not so sharply. The value of imports from India in 1938 was \$8,181,000. By 1948 this had risen to \$34,706,000. The composition of these imports has remained comparatively stable. They consist chiefly of jute fabrics, tea, vegetable oils and peanuts. On a number of occasions, there has been considerable difficulty in procuring sufficient quantities of vegetable oils and peanuts (which form the raw materials for a number of food processing manufacturers). This problem was particularly acute in 1947, when the Indians attempted to bargain exports of peanuts and peanut oil against imports of Canadian wheat.

Wheat

In Washington Mr. Nehru has raised with Mr. Acheson the matter of India obtaining a reserve stock of wheat from the United States and Canada. Since nothing definite was suggested, Mr. Nehru may mention the matter while in Ottawa.

The proposal would meet the same difficulties as the suggestion of Mr. Bevin that Canada might stockpile wheat in the United Kingdom, while retaining the ownership of it.

In this connection an approach was made last July by the Cabinet Secretariat in New Delhi to our Mission there. One of the members of the Secretariat told the Acting High Commissioner that he would be grateful for information on three points:

(1) What is the nature and extent of Canada's industrial development, particularly since the war, and to what extent could Canada be regarded by India as a potential source of supply of capital goods?

(2) What are the possibilities of Canadian technicians coming to India to assist in the building up of new industries?

(3) What are the possibilities of Canadian capital being invested in India?

It was suspected here that this information might be wanted in order to brief Pandit Nehru for his visit to Ottawa. But the Acting High Commissioner could not confirm this. Information for the use of the Cabinet Secretariat was provided both by our Mission in New Delhi and by the Department of Trade and Commerce here. The Department of Trade and Commerce, in providing the information, made the point that, although there is very little doubt Canada is well equipped to supply India with capital goods, the basic question remains of how the Indians could pay for them.

As to investments and loans there is evidently a view that of the Commonwealth countries Canada alone is in a position to invest or grant loans on a large scale to India, and that Canada next to the United Kingdom could, "given the will", greatly help India's industrialization by supplying capital goods, both on credit and for cash.

Political

In general our political relations with India are very satisfactory. There are no matters which can be regarded as purely Canadian-Indian problems, the main contact between the two countries arising from their membership in the Commonwealth and in the United Nations. We have endeavoured to consult with the representatives of India and to seek their views on a number of questions such as the Italian Colonies, etc., and thereby to let that country know of the importance we place on her strategic position as an active link between the Western point of view and the abnormally active and complex issues that are now emerging in the East.

E[SCOTT] R[EID]

862.

DEA/9908-G-2-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le Bureau du premier ministre*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Office of Prime Minister*

SECRET

[Ottawa], October 20, 1949

*I. General Principles of India's Foreign Policy*⁵⁸

1. The objectives of Indian foreign policy, as enunciated by Pandit Nehru and apparently accepted by most Indians, are briefly the following:

(a) The ultimate aim is to find out what is most advantageous to India. "The foreign minister of a country, whether it is imperialist, socialist or communist, thinks primarily of the interests of his country". This is taken as axiomatic.

(b) India will follow an "independent foreign policy" avoiding any alignment with "rival power blocs." (This position is somewhat analogous to that of George Washington vis-à-vis the struggle between the United Kingdom and revolutionary France). "We very strictly follow the policy of not getting entangled in any kind of commitments.... This does not involve any lack of close relationship with any other country." Again, "this is not merely a policy of neutrality but is a positive approach to the problems of the world." Nehru deprecates talk about Indian leadership in Asia but recognizes that as a matter of inevitable historical development India has become "a pivot of Asia" owing to its position, size, resources and potentiality. Nehru has defended this independent line on four main grounds:

- (i) India ought not to function with any Commonwealth bloc at international conferences as a kind of camp follower of the British;
- (ii) India should not prejudice its ideals regarding oppressed nations;
- (iii) India could risk alienating the sympathy of major powers, unlike smaller countries;
- (iv) By avoiding alignments India can play an effective part in a world torn by cleavages.

In commending to the Constituent Assembly the understanding reached in April 1949 regarding India's membership in the Commonwealth as a republic, Nehru illustrated his point that this independence need not mean isolation; indeed the stress of circumstances obliged India to incline in some direction or other.

(c) the individuality of Asia and the need for its re-emergence must be recognized. This objective has two implications for Nehru:

(i) "No foreign power should rule over any Asian country", a principle resembling the Monroe Doctrine. Nehru attached the greatest importance to this objective and regards it as necessary to stability in Asia. "India will uphold the principle of freedom for dependent peoples."

⁵⁸ Envoyé à Jules Léger du Bureau du premier ministre, le 21 octobre 1949.
Sent to Jules Léger of the Prime Minister's Office on October 21, 1949.

(ii) The aid being granted for the economic recovery of Western Europe should be extended to the countries of Asia; a colonial and poverty-stricken Asia is sure to operate as a factor disturbing world peace.

(d) Nehru has taken a strong attitude against racial discrimination.

(e) While opposed to any military alliance directed against Communism, Nehru would favour regional arrangements for economic cooperation.

II. *United Nations*

2. With regard to the United Nations, Nehru has declared: "Anything else we may do will naturally have to be something that does not go against the association with the United Nations."

3. While it was Nehru who sent to the Security Council the resolution of the Delhi conference on Indonesia of January, 1949, he avowed that if the conference led to a permanent organization of Asian countries it would be a regional system working in conjunction with the United Nations and resembling the Pan-American union. He repudiated any notion that an Asian bloc against European countries or the United States was being formed.

4. India was elected a member of the Security Council on October 20. Canada supported the candidature of India. The choice for what some countries regard as "the Commonwealth seat" on the Security Council had lain between New Zealand and India. New Zealand stood down when as a result of consultation more support for India than for New Zealand became apparent. Pakistan has voiced its opposition to India's election on the ground that a dispute involving India is before the Security Council.

III. *Situation in Asia*

5. India, with Pakistan and Ceylon, has considerable influence to exert on the forces of genuine nationalism in South-east Asia. In common with the United States and the United Kingdom and with other new nation states in South and South-east Asia, India is concerned with the maintenance of a balance of power over the whole European-Asian land mass which would prevent its domination by any one Power. Stalin has made it clear that Soviet Russia sees an excellent opportunity for Communist exploitation in the colonial territories of eastern and southern Asia, "the weakest link in the capitalist chain." Russia caused a decisive turn in the Chinese civil war by allowing the Chinese Communist régime to take over the industries and supplies of arms in Manchuria. The success of the Chinese Communists not only covers the eastern flank of Russia and brings the Communist régime into the Russian sphere of influence: it also urges on Communists elsewhere in Asia.

6. Nearest to home, in Burma, India sees what can happen to a newly independent Asian nation. Farther afield, India sees the revolutionary movements in Asia changing the face of the political and strategic map of the world and takes note of the Communist movements both in South-east Asia and within its own borders. The Indian Communists are strongest in the areas nearest Burma. Their ambitious and detailed plans for India were recently exposed by the Indian government.

7. Western European countries are also gravely concerned. A southward Communist advance means for the United Kingdom (a) insecurity along the line of communication across the Indian Ocean to the East Indies and Australia; (b) danger to the rich supplies of raw materials that are sorely needed by the United Kingdom along with France and Holland; and (c) a threat to the valuable dollar-earnings from Malayan rubber and tin and from the rice, minerals and timber of Burma. The future of Holland as a power depends very largely on the outcome in Indonesia. Eastern Asia as a whole is a main base of Western Europe.

8. United States policy regarding the Far East has been undergoing a drastic revision owing to the success of the Chinese Communists. Of the three Asian countries that are determining the modern history of Asia—China, Japan and India—it is frequently urged that efforts should be concentrated on seeking a strong and stable India. Many Indians feel that the United States has compromised its moral position as a champion of freedom by joining with and aiding Western Europe. There is even a fear that the North Atlantic Treaty might lead to the supporting of "reactionary elements". We learn from our Embassy in Washington that Nehru's questions during official conversations this week mainly concerned Europe. Broader questions of political and economic cooperation in the Far East were not discussed. In his speeches before Congress this week Nehru avoided any mention of Soviet Russia or Communism and gave no implied promise of armed intervention. While he did not know whether Gandhi's technique of peaceful resistance could be applied to "wider spheres of action", he was sure that the basic approach was the right one in human affairs. He nevertheless continued: "We are neither blind to reality, nor do we propose to acquiesce in any challenge to man's freedom, from whatever quarter it may come. Where freedom is menaced, or justice threatened, or where aggression takes place, we cannot and shall not be neutral."

9. While India has the attributes of a potentially Great Power, there will be a lapse of time before that position is reached. At present India has a great need for stable and peaceful conditions in order to develop its resources. As regards defence, India still lacks the necessary technological skills, even though its industrial development has been rapid. Meanwhile Communist China may use the present power vacuum in order to consolidate its position in South-east Asia. This would be to the serious disadvantage of the Indian sub-continent, which seems to hold the key to stability and defence in that region.

10. The Indian government is anxious to recognize the Communist régime in China as soon as possible. It is rumoured that Nehru has already been in correspondence with the Communist "premier" and other leaders in Peiping. He is said to be urging the United Kingdom to act quickly. The United Kingdom is pledged to consult the countries of the Commonwealth and the Atlantic Pact countries. The United States government is seeking to restrain any hasty or unilateral recognition. Our own policy is at present being carefully considered.

IV. *India in the Commonwealth*

11. India's future status as a republican member of the Commonwealth was settled in the declaration made at London in April, 1949. Mr Pearson said at that time, "We have, I think, strengthened our Commonwealth association, and above all we

have maintained a firm bridge, through that association, between the East and the West.”

12. During his visit last week, the Pakistan Foreign Minister, Sir Mohammad Zafrulla Khan, thought that Nehru might personally have liked to be able to report back to the Constituent Assembly a rather firmer attitude regarding India's status on the part of other Commonwealth countries and to urge its acceptance. However left-wing Congress opinion was critical even of the solution that was reached. (Zafrulla Khan did not mention in the conversation or at the official luncheon any of the Indo-Pakistan disputes. He did so to the press).

13. India's dislike of a Commonwealth bloc has been touched upon in paragraph 1(b) above.

14. “We join the Commonwealth”, Nehru said, “obviously because we think it is beneficial to us and to other causes in the world that we wish to advance.” This approach quite evidently seeks to rise above the rancorous and even dangerous disputes now existing between India and Pakistan and between India and South Africa and to give greater weight to the advantages of the Commonwealth association for a new nation and to the situation in Asia.

15. Many Indians feel that at present the Commonwealth association means chiefly the relationship between India and the United Kingdom and that other Commonwealth countries have so far meant little to them. They look to some concrete benefit to India from the association as much as to common purposes and institutions. They believe that the Commonwealth, containing as it now does both white and coloured peoples, can become an instrument of peace and progress only if equality and fraternity are secured among its members.

16. Indians appear to have no desire for the formal Commonwealth machinery proposed by some Australians but might welcome machinery designed to aid the economically less-favoured members.

E[SCOTT] R[EID]

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DEA/9810-40

Note du secrétaire d'État aux Affaires extérieures
Memorandum by Secretary of State for External Affairs

SECRET

[Ottawa], October 25, 1949

MEMORANDUM ON CONVERSATION WITH MR. NEHRU

The Prime Minister and I met Mr. Nehru and Mr. Bajpai at noon today and had a two-hour discussion with them. Much of this discussion dealt with unofficial matters and need not be reported. It is, however, interesting to note that, when the Prime Minister made some complimentary observations regarding Mr. Nehru's speech, at last night's dinner at the Country Club, he (Mr. Nehru) replied that the friendliness of his reception and the warmth of the atmosphere that existed had prompted him to speak more intimately and more from the heart than he had done

in the United States. He did indeed seem genuinely moved by the warmth of his reception in Ottawa.

2. There was some discussion of Indian economic and industrial development and how Canada might assist in this regard by the provision of technical help and equipment. It was also agreed, though in general terms, that we should do our best to maintain and increase trade between our two countries. Mr. Nehru was optimistic about the long-term prospects for India through industrialization and better utilization of land which would increase the standard of living of the people.

3. The prospects for peace were touched on and it was felt that though the situation remained uncomfortable there was less chance of war now than a year or so ago. Mr. Nehru felt that there was a greater danger to be feared from Russian imperialism than from ideological communism though he agreed that the greatest danger of all was the use by the Soviet of the latter in their imperialistic and expansionist plans. He felt that it was not enough merely to condemn communism as an economic and social doctrine. Its appeal to the masses of eastern countries, where the standard of living was very low, as providing a better way of life should be understood.

4. The subject of China was touched on and it was felt both by Mr. Nehru and by us that the facts of the situation there could not be ignored and that those facts seemed clearly to demonstrate that the Communist government had established its authority over most of China and might soon establish its authority over the rest.

5. We then pointed out that the Security Council would soon be considering again the question of Kashmir and we would welcome any views from Mr. Nehru on this question. He then gave us a very detailed and impressive analysis of the position from the Indian point of view, going deep into the background of history and culture and the feelings of the people toward India as the foundation for his argument that the culprit in Kashmir had been Pakistan which had committed the original aggression by permitting armed bands to violate its territory and eventually by moving its troops across the border. Mr. Nehru's emotions as well as his political instincts are very deeply engaged in this matter. He has a strong sentimental feeling for Kashmir, the home of his ancestors, and an equally strong feeling that the Government of Pakistan is taking advantage of the position to stir up religious feelings in Kashmir against India. Mr. Nehru emphasized that India is a secular state where Moslems and Hindus are treated alike politically, socially and economically, whereas Pakistan is trying to build up a Moslem theocratic state and using religious fanaticism in Kashmir and elsewhere, as an instrument of policy. Mr. Nehru was greatly disturbed at the prospects of such a campaign succeeding as it would have a disastrous effect in India.

6. Mr. Nehru then argued that India's record in Kashmir had been good and that if only Pakistan had agreed to establish the conditions which would make a plebiscite possible a decision as to the wishes of the people might have been taken by now. He had particularly in mind the disarming of the Azad forces. It was not enough to have the Indian and Pakistan regular forces withdrawn as long as the Azad forces, which now amounted to thirty-one battalions or more, remained armed. As long as they were there, armed, there could be no peaceful plebiscite.

However, Mr. Nehru stated emphatically that war could be ruled out as a solution for this problem and that India would commit no aggression. There remained, therefore, the question how to find a peaceful solution. The United Nations Commission had not been a very effective agency for this purpose. He thought there should be a new approach through the appointment of a mediator. However, he also seemed to feel there should be some kind of recognition of the original Pakistan aggression, though he did not press this position when it was shown how incompatible it would be with mediation. As far as mediation is concerned it was pointed out that it would be very difficult and indeed undesirable to remove the matter from the jurisdiction of the United Nations to which it had been submitted. The Security Council might, however, when the report of the United Nations Commission was being considered in November, decide to appoint a mediator with general terms of reference, which might indeed be extended to cover not only Kashmir but other questions at issue between the two countries. Mr. Nehru seemed to agree with this idea and would, I think, be pleased if we could do anything to advance it. When it was mentioned to him that some quarters felt that India was deliberately holding up a settlement by negotiation because she had much to gain by delay, Mr. Nehru replied that these were malicious and unfounded suspicions. They would be glad to proceed along the line indicated above without delay.

7. In reports which I had received from Washington and in New York it was stated that Mr. Nehru had been not at all responsive previously to the idea of a United Nations mediator acting under general instructions laid down by the Security Council, but that he wished to have a mediator outside the United Nations. The position which he took today represents an encouraging development and we should, I think, discuss it with the United States and the United Kingdom and others prior to the matter coming before the Security Council. We indicated as much to Mr. Nehru today and he seemed to welcome such a procedure.

8. There was also some indication from his talks today that the result of a plebiscite might be such as to warrant some kind of partition of the area covered by it, part to go to Pakistan and part to India. Nehru felt that if all of Kashmir went to Pakistan, there would be a large exodus to India, including some Moslems.

9. It seemed clear from our talk with Mr. Nehru that he finds it difficult to apply his own principles of peaceful settlement and self-rule to Kashmir because such application would likely result in the state for which he has so much affection joining Pakistan. He did suggest that a completely free vote would result in considerable Moslem support for India, but he does not, I think, carry this feeling so far as to believe that such support would determine the issue.

10. It is also depressingly clear that Nehru has a deep sense of grievance against Pakistan. This arises not only out of Kashmir difficulties, but out of the very existence of Pakistan itself, which destroys the unity of India. Nehru has not given up hope that events may peacefully restore that unity, (possibly in the form of a confederation) though he agreed that this would be much more difficult unless an amicable solution to the Kashmir problem is now found.

11. Yet, in spite of the depth of his feeling, Nehru is, I feel sure, quite sincere when he states that force must be ruled out in Pakistan-India relations and that in

respect of Kashmir, mediation followed by a plebiscite should go forward as quickly as possible.

12. On this basis, it should be possible to work out a satisfactory solution.

13. When I saw Mr. Nehru off this morning, Wednesday, he expressed great satisfaction at yesterday's talk and the hope that we would use our good offices with our friends on the Security Council to advance the principles of a solution along the lines we had explored. I said that we would do our best to facilitate an agreed arrangement and would pass on to the United States and the United Kingdom representatives, and possibly others, the gist of yesterday's discussion.⁵⁹

L.B. PEARSON

864.

DEA/9908-Y-2-40

L'ambassadeur aux États-Unis
au sous-secrétaire d'Etat aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs

Washington, November 8, 1949

Dear Mr. Heeney:

Mr. Sen, the Minister at the Indian Embassy here, remarked to me yesterday that Pandit Nehru, whom he had just seen off in New York, had told him that he had been much impressed by the different atmosphere he had noticed in Canada. According to Mr. Sen Mr. Nehru had remarked that he had encountered a more stable and better-balanced outlook in Canada than in the United States during his visit. I did not gather that he had expressed views which were strongly critical of the United States in these intangible respects, but that he had noted in Canada less excitability and a firmer regard for individual liberty.

As Mr. Nehru moved a good deal in the society of politicians, the differences between the Canadian and American systems of government doubtless had something to do with these remarks. I hope that some day some brilliant authority in the social sciences may write a satisfactory study on the effect on the national characters of the people of the United States and of Canada of the constitutional systems under which they live.

I should have liked to have had an opportunity to draw Mr. Nehru out on this subject. I have long been interested in what people meant when they talked about the differences they saw or felt in going from the United States to Canada. I remember a dozen or more years ago that Lord Lothian made the usual remark to me, and, when I tried to press him into a more exact definition, the only specific

⁵⁹ Des copies de cette note furent envoyées au haut-commissaire britannique à Ottawa et au haut-commissaire du Canada en Inde.

Copies of this memorandum were sent to the British High Commissioner in Ottawa and to the Canadian High Commissioner in India.

answer I could extract from him was: "I saw badly dressed men in the streets again".

I have heard very little about the talks with Mr. Nehru in Canada except for the discussion on the Kashmir affair. If anything has been put on paper, I should be glad to see a copy of it.

Yours sincerely,
H.H. WRONG

865.

DEA/9908-G-2-40

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*
*Secretary of State for External Affairs
to Heads of Post Abroad*

CIRCULAR DOCUMENT NO. A.91

Ottawa, November 22, 1949

SECRET

Sir,

The Prime Minister of India was accompanied on his visit to Canada by the Honourable Sir Girja Shankar Bajpai, K.C.S.I., K.B.E., Secretary-General of the Indian Ministry for External Affairs. Sir Girja was kind enough to accept the invitation of the Under-Secretary to give to the Heads of Divisions a resumé on Indian foreign policy with respect to India's neighbours.

2. In his tour d'horizon which extended from the Far East to the Near East, Sir Girja's comments provided a most interesting and illuminating background to his country's relations with these nations. As it is felt that these remarks, which were made in strictest confidence, will assist materially in giving Canadian Heads of Missions abroad a deeper appreciation of Indian foreign policy, I have given instructions that they be so circularized.

I have, etc.

H.F. FEAVER
for Secretary of State for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures
Memorandum by Department of External Affairs

SECRET

[Ottawa], October 27, 1949

SIR GIRJA BAJPAI'S VIEWS ON INDIA'S ASIAN POLICY

The Honourable Sir Girja Shankar Bajpai, K.C.S.I., K.B.E., Secretary-General of the Indian Ministry for External Affairs, attended a meeting of Heads of Divisions on Tuesday, October 25, 1949. On the invitation of Mr. Heeney he made a

tour d'horizon of India's neighbours, giving his views on salient points of internal conditions and external relations of each country. The remarks which were made in the strictest confidence presumably reflect the viewpoint of Pandit Nehru and thus provide the background for Indian foreign policy in this area.

2. In his introductory comments he pointed out that, in this contracting world, breaches of the peace anywhere had a bearing on the security and welfare of all countries. Furthermore, the United Nations was trying to deal with the problems of the world as a whole and any member of that body had to be prepared to take an interest in the world rather than merely in regional problems. However, just as Canada's immediate interests were dictated by her geographical situation as a North American nation, so were India's by virtue of its situation in Asia and its long historical links with its Asian neighbours.

Australia

3. Sir Girja commenced with Australia by saying that the Australian authorities had made it abundantly clear on a number of occasions during post-war years that they felt that their country should provide leadership in international affairs for South East Asia. Despite the fact that India, which itself had a population of 350,000,000, felt it was rather pretentious that Australia, with a population of about 8,000,000, should even consider giving leadership to an area with a population of many hundreds of million, the Indian authorities were not prepared to enter into controversy over the matter and were glad to invite Australia to send representatives to the conference on Indonesia held in New Delhi in January, 1948, where the Australians again indicated their expectation of the exercise of leadership. Nevertheless relations were quite amicable.

Indonesia

4. Sir Girja felt that the Dutch were at last awakening to a realization of the tremendous nationalist feeling in Indonesia which was simply a part of the nationalist renaissance throughout all of South East Asia. He was bitterly disappointed that the Netherlands authorities in general had been so obtuse as not to see the advantages of following the British example in India. This could have been done two years ago, or last year, or even this year. The Dutch should have seen how strongly the Indians reacted to a broad-minded and statesmanlike policy on the part of the United Kingdom Government. During the Indians' long fight for freedom, considerable bitterness against the British had developed because, despite many concessions from time to time under pressure, it appeared to the majority of the Indians that the British had not really intended to relinquish control and place the sovereignty of India in Indian hands. When, however, the United Kingdom Government finally set a date and took steps which made it clear that they were prepared to meet Indian aspirations, the feeling of the population changed overnight.

5. Recognizing the goodwill towards India which was now evidenced, bearing in mind the long association of the British with India and aware of their own great need of administrative and technical assistance, the Indians requested British officials to continue in the service of the Indian Government and were keen to maintain and develop their economic ties with the United Kingdom.

6. Sir Girja Bajpai felt that, if the Netherlands Government had adopted the same broadminded approach, the Indonesians would likewise have asked Dutch officials to remain in Indonesia, would have wished to maintain close economic connections with the Netherlands and would have in other ways demonstrated appreciation and goodwill towards the former imperial power. Even now the Dutch might be able to salvage something of their position but for obvious reasons the Indonesians will not be so well disposed towards the Dutch if they feel that their freedom has come from their own efforts involving considerable loss of life and economic dislocation.

Malaya

7. The Chinese population in Malaya is almost equal in numbers with the Malayan population. Sir Girja feared that it would be exceedingly difficult to foresee in the near future a homogeneous country because, although approximately equal in numbers, the two main segments of the population vary considerably in ability and influence; the Chinese exercise considerably more economic control than do the indigenous Malaysians. While the lack of homogeneity in the population complicated the political problem of national emancipation, he felt that immediate action should be taken to alleviate the economic condition of the people. One of the basic complaints of the Nationalists against the colonial powers was that they used their political position to enrich themselves. British rubber planters and tin miners in Malaya thought only of making their pile and returning to England as quickly as possible; too little consideration was given to utilizing profits from tin and rubber production to improve the lot of the native population. Sir Girja, therefore, thought that it was incumbent upon the colonial government to see to the more equal distribution of the national income of Malaya.

Indo China

8. Bao Dai is regarded merely as a puppet of the French who unhappily have shown even less appreciation of the nationalist spirit in South East Asia than have the Dutch. The strength of the Communist movement in Indo-China is merely a reflection of the nationalist strength rather than of any devotion to the Communists. Indeed throughout all of South East Asia the Communists have very cleverly capitalized on the desire for nationalist self-expression.

9. The French Ambassador in New Delhi had requested recognition of Bao Dai as the head of the sovereign government but the Indian Government had refused his request because so long as the foreign policy of Indo-China was controlled from France full sovereignty could not be said to reside in the hands of the Bao Dai régime. The Indian authorities were, however, quite prepared to see appointees of Bao Dai attached to the French Embassy in New Delhi with a diplomatic ranking.

China

10. Sir Girja referred to the fact that Generalissimo and Madame Chiang Kai-Shek had visited India during the war and had made public pronouncements in respect of India's bid for freedom, which would always be remembered by the Indian people and in particular by Mr. Nehru. The Indians would be singularly ungrateful if they forgot or ignored the extent to which the Chinese Nationalist Government supported their cause. However, foreign policy could not be based on

sentiment alone and the tragic failures of the Nationalist régime and the corresponding victories of the Communists demanded a realistic reappraisal of relations.

11. He expressed his contempt for the almost defunct Chiang Kai-shek régime and felt that it had been particularly stupid in failing, despite many opportunities through recent years, to do something to alleviate the condition of the Chinese people. The success of the Communist forces was therefore, to a great extent, the natural reflection of the desire of the Chinese population to rid itself of a corrupt and inefficient government. From a long-term viewpoint, Sir Girja was quite optimistic that the Chinese people would not become subservient to the Kremlin or to any other foreign control, giving geographic, economic and socio-political reasons to support this view.

12. So far as recognition is concerned, his own disposition was to grant recognition at the earliest appropriate moment. He could not give any indication of any particular date which the Indian Government had in mind but his government was interested in exchanging viewpoints with other interested governments. He felt that little was gained by refusing recognition while goodwill might be obtained by an early indication of the readiness of other nations to co-operate with the new régime in China.

13. Sir Girja stated that he had never been in China and consequently felt rather hesitant to speak too categorically on the subject in the presence of Mr. Davis, the recently returned Canadian Ambassador to China.

Siam

14. Sir Girja was rather pessimistic about the future of Siam. An autocratic régime ruled the country in a comparatively reactionary manner. At the moment it was not suffering from very serious difficulties because Siam had sources of foreign income from the sale of its rice to India. India, however, was vigorously striving toward self-sufficiency in foodstuffs by 1951. If Siam lost its rice market in India, Sir Girja felt that the financial situation would become very precarious and the present régime might well collapse under the pressure of the insurrection which would then arise. He clearly hoped that a more democratic régime would take its place.

Burma

15. Sir Girja felt that sensation-mongers among the press had given a rather distorted picture of the present situation in Burma. According to the newspapers one felt that bloodshed and turmoil existed everywhere. However, in many respects the civil war had the aspects of a musical comedy. In one town, for example, the local citizens for a fee of twenty cents were allowed to fire guns against the rebels. Unfortunately, tremendous quantities of arms had been left behind by the Japanese as well as those supplied by the allies during the war. Consequently, irresponsible individuals were in a position to create havoc. The massacre of the cabinet two years ago was an absolute tragedy for the country. Sir Girja believed, however, that the situation would in due time right itself.

Tibet

16. Sir Girja felt that the theocratic form of government in Tibet had long since outlived its usefulness or effectiveness. India had no desire to interfere in any manner in Tibet's domestic affairs but would not be unhappy to see the expected departure of control by the lamas. The very pressure of economic developments throughout the world would in due course be manifested in the people's desire to rid itself of an antiquated system.

17. The possibility existed that the Chinese Communists might promote the establishment of a Soviet republic in Tibet. In such an eventuality, India would probably not intervene as it had neither the economic interest nor available military power to justify such action; steps were being taken for the defence of India's northern frontier with Tibet.

Kashmir

18. The Indian insistence upon the disbanding of the Azad Kashmir forces resulted from the fact that they were being steadily built up with Pakistan assistance or connivance to very considerable strength. When UNCIP had commenced its activities, the Azad forces numbered only 5,000 and were badly organized and ill-equipped. Today they form a powerful, well-organized force of some 35,000 men. To agree to the withdrawal of Indian and Pakistan forces would simply mean that all of Kashmir would fall under the control of so-called Azad forces. Indian intervention in Kashmir was as a result of the request of the Maharaja who, supported by the government of Sheikh Abdullah, acceded to India and asked for aid from the Indian army. The decision to send the army was prompted to a considerable extent by a very important domestic consideration in India. The Pathans being fanatical Moslems, were committing atrocities involving heavy loss of life against the Hindus in Kashmir. If this had been permitted to continue, not only would there have been serious loss of Hindu life in Kashmir but also a natural reaction in India by the Hindus against the 35,000,000 Moslems who live in India. In order to prevent communal rioting on a tremendous scale, the Indian Government felt that they had no recourse other than to stop the bloodshed in Kashmir. Happily there is now little communal feeling in India and certainly no disposition to enter into hostilities with Pakistan. Sir Girja was confident that in due course all the difficulties between the two countries would be peaceably resolved.

Arab Countries

19. India was established as a secular state and the Indian Government was determined that religious issues should not affect the country's existence as a secular state. At the same time for very practical reasons, it was necessary to keep religious influences in mind. In view of the connection, therefore, between the 35,000,000 Moslems in India and the Mohammedan Arab states, the Government of India was particularly keen to remain on friendly terms with the Arab States.

Israel

20. The Indian Government recognized that in fact Israel was a well-established nation which undoubtedly would continue to exist. India wished to maintain friendly and close relations with Israel but at the moment it was felt impossible to

give any official recognition to the Government of Israel because of the offence which would thereby be caused to the Moslem population in India and to the Arab States.

21. In concluding, Sir Girja expressed his great appreciation for the opportunity of placing his views before the Heads of Division and mentioned in particular that he would be very glad if the High Commissioner for Canada in New Delhi would feel free to drop in and call upon him whether or not he had any particular business to discuss. He found that a certain Ambassador was dropping in for occasional chats but he would be much happier if the Canadian High Commissioner was not diffident in this respect. Mr. Heeney assured Sir Girja that the Canadian High Commissioner would be only too happy to avail himself of such an opportunity.

SECTION B

NOUVELLE-ZÉLANDE
NEW ZEALAND

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DEA/9947-40

*Note du haut-commissaire en Nouvelle-Zélande
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from High Commissioner in New Zealand
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], September 20, 1949

CANADIAN-NEW ZEALAND RELATIONS

Since the war there has been a decline of Canadian prestige in New Zealand. During the war Canada stood very high in New Zealand estimation, particularly because of the Commonwealth Air Training scheme and the treatment of New Zealand airmen in Canada, the magnitude of Canada's war effort and the mutual aid programme.

2. The Canadian war record convinced the New Zealanders that Canada shared their views of the "Empire" and shared New Zealand's loyalty to the United Kingdom. They did not understand that Canada entered the war as a free nation and not because of obligations of loyalty to the "Empire" or parent country or because of any set conception of relations between Commonwealth countries.

3. In 1946, when I first arrived in New Zealand, the text of many welcomes was that the war had brought the "Empire" together, that Canada had shown herself loyal to the "Empire" and that this unity should continue.

4. First doubts of this point of view appeared with the withdrawal of Canadian troops from Europe and the failure of Canada to take part in the occupation of Japan. Later failure to cooperate in the Berlin airlift shocked New Zealand.

5. The Prime Minister, some of the members of the Government and top permanent officers of the Ministry of External Affairs alone seemed to recognize the

Canadian position but, even they, do not fully understand it and their reaction, whenever it is brought to their attention, ranges from regret to resentment.

6. The realization that the United Kingdom is no longer on a footing of equality with the United States as a great power impels the New Zealanders to seek means of improving the United Kingdom's position. The argument is constantly heard that if the "Empire" will only speak with one voice (through the United Kingdom, of course) England will again be restored to her old pre-eminent position. The strength of this desire is shown by the way in which the New Zealand Government have more than once reversed their decisions on important matters of external policy to come into line with the United Kingdom views. Two outstanding examples are the decision by the New Zealand Cabinet to recognize Israel which was reversed under pressure from the British High Commissioner and their position on Italian colonies which was reversed, I understand, as a result of a Prime Minister to Prime Minister appeal.

7. A further misunderstanding which resulted in some bitterness on the part of the New Zealanders occurred on the occasion of a meeting of Commonwealth Prime Ministers in 1948. Mr. Fraser was anxious that this should be entirely a meeting of Prime Ministers and made several strong approaches direct to Ottawa and through the Canadian High Commissioner to get Mr. St. Laurent to attend. The New Zealand Ministers were pleased when they heard that the meeting had agreed to regular meetings of Commonwealth Ministers at six months intervals and greatly disappointed that Canada emphatically refused to agree. The only time Mr. [Walter] Nash allowed his feelings to affect his manner to the Canadian High Commissioner occurred when the High Commissioner, on instructions from Ottawa, called on Mr. Nash who was then acting Prime Minister and Minister of External Affairs to explain the Canadian view. It was interpreted by Mr. Nash and I think not incorrectly as denying an obligation to develop a unified foreign policy among Commonwealth countries and implying that no obligation existed on the part of any one Commonwealth country to go to war if any other Commonwealth country went to war. It is the basis of New Zealand thinking that if part of the "Empire" is at war the whole "Empire" is at war. They want to feel assured that if New Zealand is attacked by an enemy all countries of the Commonwealth will regard themselves as immediately and automatically at war with the aggressor.

8. The New Zealand attitude to the Atlantic Pact is a result of this line of thought. Public statements by the Prime Minister, Mr. Frazer, and others welcome the Pact but in private conversation many doubts were expressed. Mr. Frazer said that he feared that the nations who had formed this defence alliance would feel that they had thereby taken care of all their security obligations and that he hoped also it was not thought that world security could be assured by a series of regional pacts. "There are no countries in the South Pacific which have surplus security to offer New Zealand".

9. During the past two years New Zealand's fear of communist Russia has gradually slipped into second place. The fear of resurgence of Japanese militarism has become or is rapidly becoming first in their minds. They feel that the potential menace of Japan has been greatly increased by the policies of the United States and

here again I fear they blame Canada (and to some slight extent the United Kingdom) that no concentrated pressure by Commonwealth countries has been put on the United States to curb General [Douglas] MacArthur.

10. In November, 1948, Canada joined the South Pacific Air Transport Council. This was the occasion for mild rejoicing by New Zealand but during the session of the Council it was abundantly evident that the New Zealand Government felt that Canada was not living up to the obligations she had accepted at the Wellington meeting in 1946. The statement by Canada in 1946 that she would not enter as a partner in the B[ritish] C[ommonwealth] P[acific] A[irlines] had never really been accepted by New Zealand and the decision of the Canadian Government to designate Canadian Pacific in place of Trans-Canada for the Pacific Service was a keen disappointment which provoked many outspoken attacks on Canadian policy during the meeting. Most of these attacks were by Australian delegates. The New Zealanders considered them in bad form and apologized for them but their own feelings, although mildly expressed, were not so very different.

11. The decline of trade with Canada and shortage of Canadian dollars is sometimes a cause of hard feeling against Canada. The members of the Government and the permanent officials understand fully the need of economizing on dollar expenditures both Canadian and the United States, but from time to time expressed regret that Canada is not a member of the sterling bloc. It is not easy to convince them that it would not have been good policy for Canada even if she could have done it to have linked her dollar with the pound sterling and to have thrown their United States dollars into a common sterling bloc pool. Even if convinced that such action would have been damaging to the Canadian economy they might still feel that it should have been done. New Zealand herself has not hesitated to subordinate her economy to the United Kingdom economy in many ways.

12. The New Zealand authorities have from time to time given evidence that they would be glad to accept financial help from Canada and on one occasion the Minister of Finance made it clear to the Canadian High Commissioner and the Canadian Commercial Secretary that if Canada were to offer a Canadian dollar loan, there were many essential exports New Zealand would be glad to take from Canada.

13. Sometimes it seems to me that in addition to the desire to maintain a united "Empire" front, the New Zealanders would like to maintain closer contacts with Canada in order to play off Canada against Australia. Australia from time to time endeavours to dominate New Zealand's external policy. There have been several unfortunate episodes between the past two years where Dr. Evatt has spoken for New Zealand without consulting New Zealand and these incidents have stuck in New Zealanders' memories.

14. The lack of contact with Canada is keenly felt. As already stated, at the end of the war Canadian prestige was very high. The New Zealand boys who trained in Canada seem to have been very happy there and retained a great affection for Canada. Many of them have returned to Canada since the war. Many others would like to go either as emigrants or as visitors. If the dollar exchange was available, there would be a great many students, mechanics and professional men who would come to Canada to get experience and many others would come simply for a visit. At the

present time they go to the United Kingdom or other sterling area countries or to the United States under the Fulbright scheme. Although the refusal to provide them with Canadian dollars to enable them to do so is made by the New Zealand authorities many of them feel that Canada is also to blame.

15. It is not easy to suggest ways in which the New Zealand attitude to Canada could be improved. Perhaps if we were able to put our statements of policy more frequently in the affirmative rather than in the negative it would help. It must seem to the New Zealand Prime Minister and his colleagues that the Canadian Government is constantly saying no to proposals for closer cooperation between Commonwealth countries but I feel that the New Zealand attitude goes deeper than this and is a result of the refusal of New Zealanders to recognize a changed world situation. To understand their attitude one must remember that they are still colonial at heart, even the Prime Minister speaks of England as "Home" and I have heard him refer publicly to the "Home Government", meaning the United Kingdom Government. They have a small population isolated in the South Pacific. They are not subjected to any other influences as strong and deep as the influence of the British Isles. They still think and feel themselves part of the "Empire". It was, I believe, with regret that the New Zealand Government felt called upon to pass their own Nationality Act. In presenting it to the New Zealand House of Assembly the Minister said that it was necessitated by action taken by Canada. I have heard many New Zealanders who have said that they would refuse to carry New Zealand passports.

16. This feeling about the "Empire" results, I think, in the deep resentment against the United States which seems to them to be usurping the position they would prefer to accord to the United Kingdom as leader of the democratic grouping of countries. They feel that Canada has allowed herself to be drawn into the orbit of the United States and that in doing so has strengthened the position of the United States against the United Kingdom in the rivalry between the two countries. I don't believe that members of the Government would admit this even if challenged. They are perhaps not aware of it themselves but this feeling has been expressed before me on many occasions by a variety of people in New Zealand.

17. I think that this attitude on the part of the New Zealanders cannot last forever. The realities of the external world must sooner or later be realized. I think, however, that we might do something to accelerate their realization and to increase understanding of Canada, if we can restore contacts between Canadians and New Zealanders. I have not explored all the possibilities but the following are some suggestions which might be considered and on which I would like to have the Minister's views:

(a) I would like to have some member of the Canadian Government pay an official visit to New Zealand. If the Prime Minister could be in New Zealand long enough to meet members of the Government and public officials in Wellington and New Zealand in all the bigger cities—a visit of two weeks and not less than ten days would be desirable—I am sure that better understanding would result. A visit by Mr. Pearson would be a great success. If neither Mr. St. Laurent nor Mr. Pearson could come any Cabinet Minister would be welcomed and could do a useful piece of work.

(b) Periodic visits by senior Canadian Civil Servants to New Zealand might be considered or officers of Departments other than External Affairs might for a time be attached to the High Commissioner's Office. I have in mind particularly the Department of National Health and Welfare which is interested in social welfare in New Zealand and the Department of Agriculture, New Zealand being entirely a farming country. In this latter connection it should be said that the year spent by Dr. Hopper as Commercial Secretary (Agriculture) in New Zealand has been well worth while, if only from the point of view of relations between New Zealand and Canada. I feel that there should always be at the High Commissioner's Office an agricultural officer who could talk to New Zealand stock raisers and farmers in their own language. Dr. Hopper has travelled throughout New Zealand and I have heard enthusiastic reports of his visits from New Zealand farmers in all parts. I think that the usefulness of the High Commissioner's Office could be increased if, instead of maintaining two Trade Commissioners there, we had one Trade Commissioner and one agricultural officer. My own feeling would be that the agricultural officer might well be the senior.

(c) Exchange of defence representatives with New Zealand. I understand it is not possible to appoint a defence liaison or advisor at the High Commissioner's Office in Wellington at this time. I hope this will be done before long. In the meantime, I should like to see a visit to New Zealand by a senior military officer from Canada, an army man would probably be most useful who would be of sufficient rank to hob nob with the Chiefs of Staff and to be well received at military establishments throughout New Zealand. A Major-General, if possible one who had contact with the New Zealanders during the war, would make an excellent impression; would be well received and would be useful to the New Zealand military authorities who are always seeking information from us about Canadian army organizations, training method and so on.

(d) The New Zealand military authorities sometimes seem to feel that Canada has turned her back on them. They feel, however, that New Zealanders and Canadians are very much alike and that military methods and practices in Canada are likely to be more acceptable to New Zealand than methods and practices of other countries. At the present time the United Kingdom has a defence liaison mission of four. There are three Military Attachés in the United States Embassy and the Australians have a Defence Adviser to the High Commissioner and they are expecting an assistant for him.

(e) There are many functions at which the military representatives only are present and therefore Canada is not represented. The New Zealanders would like to see a Canadian defence officer along with the American, British and Australian.

(f) A great many New Zealand professional men got all or part of their academic and professional training in Canada, in particular agriculturalists and engineers and a fair number of New Zealand students have gone to Canada for graduate work. A considerable number of technical men such as motor mechanics, radio technicians, plumbing engineers and so on have worked in Canada. The number of those people now going to Canada has shrunk to a trickle. I think it would be possible to restore this movement at no great cost to Canada. It has been undoubtedly a great benefit

to have had men in New Zealand who learned their trades and professions in Canada and who are familiar with Canadian technique and Canadian machinery. The contacts also make not only for good-will but are likely, in the long run, to be profitable from the point of view of the Canadian export trade. Some scholarships might, of course, be made available to New Zealanders.

(g) I would like to suggest that the New Zealand authorities be approached with a view to making reciprocal arrangements whereby Canada would provide dollars to finance students, professional men and technicians in Canada against the equivalent amount of New Zealand pounds provided by the New Zealand Government to finance Canadian students and professional men in New Zealand. No expenditure need be necessary as the student going from New Zealand to Canada would pay into the New Zealand fund the equivalent of dollars he would require in Canada and the Canadians going to New Zealand would pay into the Canadian fund the equivalent of the pounds required in New Zealand. I am assured by Dr. Hopper, who has been the agricultural man at the Canadian High Commissioner's Office during the past year, that there is much in New Zealand's agriculture and animal husbandry which should be studied by Canadian experts. I also understand that there is an immense field, only slightly explored, in botany, entomology and biology in which Canadians seeking advanced degrees could do profitable work.

(h) The tourist traffic from New Zealand to Canada has been completely shut off by the New Zealand reserve bank in their efforts to conserve Canadian dollars but the New Zealand travel authorities are anxious to get as many visitors from Canada as possible. The Canadian Pacific Air Lines hope to be able to increase their traffic by encouraging tourists to visit Australia and New Zealand. There is at present in New Zealand a good number of parents and relatives of New Zealanders who have settled in Canada who have been prevented from visiting them by the exchange restrictions. I suggest that the New Zealand Government might be approached with a view to ear-marking some of the Canadian dollars derived from Canadian visitors to New Zealand for New Zealand visitors to Canada.

(i) There has continued to be some exchanges of visits between Canada and New Zealand of theatrical and other organizations, for example, a visit by a grouping of Canadian politicians, New Zealand Sea Cadets and ex-servicemen to Canada, but the New Zealand Government has kept to a minimum a number of them home [*sic*]. Consideration might be given to the financing of such visits in both countries on a reciprocal basis.

18. Another approach to the problem of developing good relations between Canada and New Zealand might be considered along the lines being worked by the British Council in New Zealand which is bringing to New Zealand a variety of musicians, theatrical companies and prominent men and women. The latter mostly to make lecture tours, to work in adult education or to visit the universities. I don't know if funds would be available for similar Canadian activity but at least some prominent Canadian speakers might be persuaded to visit New Zealand from time to time.

19. In addition to Mr. Pearson's views on the proposals which I have met in this memorandum, I would like to discuss with him some of the basic problems which I

have described in the first part of this memorandum. Admittedly some parts of it are speculative and may be wrong in interpretation but I am convinced that during the past two years despite the best efforts of Canadians in New Zealand there has been a deterioration in the general position of Canada there. This deterioration has come about despite the fact that Canadians generally seem to be liked by New Zealanders and are always well received by them.

20. Before returning to New Zealand, I should like to have a discussion with Mr. Pearson (and with any other people you think should be present) of the whole problem. I think that a full evening could be profitably devoted, at least from my point of view, and out of the discussion might arise some suggestions which would help me on my return to New Zealand. I also need some further clarification of Canadian policy with regard to the United States, the Commonwealth, South Pacific security, dollar loans, export and import policy and so on. Despatches from Headquarters are always useful and are the only guidance possible, but an opportunity for questions and discussion before my return would greatly help me to express the Canadian point of view when an occasion arises.

ALFRED RIVE

SECTION C

PAKISTAN: VISITE DU MINISTRE DES AFFAIRES ÉTRANGÈRES
PAKISTAN: VISIT OF FOREIGN MINISTER

867.

DEA/10282-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire par intérim en Inde*

*Secretary of State for External Affairs
to Acting High Commissioner in India*

DESPATCH 618

Ottawa, November 5, 1949

SECRET

Sir,

Sir Mohammed Zafrulla Khan, Minister for Foreign Affairs and Commonwealth Relations of Pakistan, arrived in Ottawa on the evening of October 13. He had indicated to the High Commissioner for Pakistan that he wished to obtain a short respite from his responsibilities at the General Assembly of the United Nations, where he is leader of his country's delegation. His visit to Canada was, therefore, brief and informal.

2. On the morning of October 14 the Foreign Minister had an hour's conversation with the Under-Secretary of State for External Affairs. I attach a copy of a memorandum summarizing this conversation. Later in the morning he gave an interview to the press at the Press Gallery Lounge in the House of Commons.

3. At midday on October 14 he was the guest of the Canadian Government at a luncheon in his honour at the Country Club. The Honourable Brooke Claxton, Minister of National Defence and Acting Secretary of State for External Affairs, presided because of the absence from Ottawa of the Prime Minister and of the Secretary of State for External Affairs. During the late afternoon the High Commissioner for Pakistan gave a reception in honour of the Foreign Minister and that evening Sir Zafrulla Khan addressed a meeting of the Ottawa Branch, Canadian Institute of International Affairs.

4. During his contacts with the Department Sir Zafrulla Khan made no mention of the controversies now existing between Pakistan and India but spoke in very vigorous terms on this subject at his press conference and, I understand, confidentially, also in his address to the Institute. According to an article in the *Ottawa Evening Citizen* of October 15, which was based on the press conference, he accused India of obstructing the holding of a plebiscite in Kashmir because of the Indian Government's conviction that a vote in a fair and impartial plebiscite would be favourable to Pakistan.

5. It is open to speculation as to whether these remarks had any direct connection with the outspoken criticism which was levelled ten days later by the Prime Minister of India against Pakistan in his press conference in Ottawa. This criticism produced a public rejoinder from the High Commissioner for Pakistan, who indicated that Pandit Nehru was uttering a falsehood in asserting that non-Moslems do not occupy important posts in the Pakistan Government.

6. Sir Zafrulla Khan spoke of the pleasant recollections which he had of earlier visits to this country and, I believe, he thoroughly enjoyed renewing his contacts with Canada. He was very pleased to learn from the Under-Secretary of the decision to appoint a Canadian High Commissioner to Pakistan in the near future.

I have, etc.

H.F. FEAVER

for Secretary of State for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

CONFIDENTIAL

VISIT OF SIR ZAFRULLA KHAN TO UNDER-SECRETARY

At 10:30 a.m. on Friday, October 14, the Minister for Foreign Affairs and Commonwealth Relations of Pakistan, accompanied by the Pakistan High Commissioner to Canada and Mr. A.A. Khan, Pakistan Vice-Consul in New York, called on Mr. Heeney, Mr. Reid, Mr. Holmes and Mr. Feaver were also present. During an hour of friendly, frank and at times humorous conversation, Sir Zafrulla Khan covered a wide range of subjects but carefully avoided any reference to matters of present controversy such as the Kashmir issue and the election of India to the

Security Council. In no respect, either directly or indirectly, did he attempt to put forward the Pakistan side of any outstanding problem.

2. The only really significant statement was his categorical assertion that the Constituent Assembly of Pakistan will undoubtedly eventually decide upon creating a Republic with a status in the Commonwealth identical with that of India. He felt that Pakistan would have been very happy to continue allegiance to the King were it not for the decision taken at the Conference of Prime Ministers in London last April to permit India, by recognizing the King as the symbolic head of the Commonwealth, to remain a member of it following the adoption of a republican form of government. Incidentally, Sir Zafrulla Khan felt that a mistake had been made in indicating to India in advance of the Prime Ministers' conference that every effort would be made to work out such a formula. He believes that Pandit Nehru's own attitude has changed considerably and that Nehru would in fact not have been unhappy to have returned and told the Indian Constituent Assembly that the other members of the Commonwealth had not found it possible to accept such a formula and that, therefore, India must continue allegiance to the Crown or leave the Commonwealth. Sir Zafrulla Khan felt that the Constituent Assembly would not have chosen the second alternative, though the matter is purely academic and no one will ever know, as history never offers a second opportunity for such a decision.

3. The most striking impression left by Sir Zafrulla Khan was that, despite his use of Western clothes and his air of cosmopolitanism, he is above all a great Muslim leader. Without in any way adopting the approach of a missionary or the attitude of an apostle, he constantly referred in a most felicitous and easy manner to the life and philosophy of the prophet in support of his own ideas and the actions of the Pakistan Government. He felt that the Muslim teachings, which recognize the responsibility of the state for the provision of the necessities for all citizens, provided a strong barrier against the acceptance of Communism. He recognized, however, that the very heavily populated area of East Pakistan maintained so low a standard of living for large sections of the people that, unless economic conditions could be alleviated, the ground was fertile for the seeds of Communist philosophy. The Pakistan Government felt it was, therefore, necessary to take remedial measures because in the words of the prophet, "Destitution is the mother of infidelity."

4. Sir Zafrulla Khan spoke of his visit to China in 1942 when he went there as the first diplomatic representative of India with the title of Agent-General. On his return to India he spoke of the great danger of the spread of Communism because of the feebleness and corruption of the Kuomintang. Indeed he had believed that the collapse of the Nationalist régime would take place before it actually did. Nevertheless, even though the Communists had overrun most of the thickly-populated industrial and richer parts of China, he thought it might still be possible for the Nationalist Government to maintain itself in the south and west in an area which would be almost half of the entire country. (Sir Zafrulla was a little out in his arithmetic; according to the *New York Times* for October 16, the Communists now control two-thirds of the area of China and three-quarters of its population.) He rather indicated that he hoped that this would eventuate as it would provide a buffer state between the Communists and South East Asia. There has been no supplying of small arms to the Chiang Kai-shek régime from the sub-continent of India as

neither India nor Pakistan have any available for export. However, to date there has been no infiltration of Chinese Communists into India or Pakistan. Sir Zafrulla Khan indicated that his government had not as yet made any decision concerning the recognition of the Chinese Communist régime.

5. It is noteworthy that Sir Zafrulla Khan revealed no semblance of animosity against India. He spoke with satisfaction and obvious pleasure of the occasions when he had represented India abroad and of the responsibilities which he exercised in India prior to the establishment of Pakistan.

SECTION D

ROYAUME-UNI: VISITE DU SECRÉTAIRE AUX AFFAIRES ÉTRANGÈRES
UNITED KINGDOM: VISIT OF FOREIGN SECRETARY

868.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, October 3, 1949

ATTENDANCE OF U.K. SECRETARY OF STATE FOR FOREIGN AFFAIRS

1. *The Prime Minister* welcomed Mr. Bevin and on behalf of the Canadian government expressed pleasure that he had found it possible to visit Canada.

2. *The U.K. Secretary of State for Foreign Affairs* thanked the Prime Minister for his welcome and mentioned how much the U.K. government appreciated the cooperation extended to them by the Canadian government in financial and other matters both during and since the war. In the critical days of 1940, this assistance had meant much. In the postwar years, Canada's support of UNRRA had contributed substantially to its success.

The crowning event in recent days had been the coming into effect of the North Atlantic Treaty. Earlier efforts to bring this into being had met with difficulties, but the timely speech by the Canadian Prime Minister in support of such an agreement had given a much needed stimulus to the cause.

In reviewing the events of the past few years, it seemed to him that the Berlin crisis of 1948 and the decision of the Allies to remain there had marked the turning point in the relationships between the democracies and the U.S.S.R. While it had been a big gamble at the time, in retrospect the decision was a wise one.

He now considered that the preservation of peace was a ten year task. If the countries of the North Atlantic Treaty continued to work closely together and remained strong, then a firm and just policy could be followed in dealings with the U.S.S.R. The achievement of this aim would ensure peace for long years to come.

3. *Mr. St. Laurent* observed that U.S. support of the North Atlantic Treaty had made Canadians realize to a greater extent than heretofore that the threat of war

could only be met by joint action. Canada's support of the Treaty was based upon growing awareness of our own self-interest. It was pleasant to hear that Mr. Bevin viewed the future with confidence. This feeling was shared by the Canadian government.

(At this point Mr. Bevin left the meeting)

869.

DEA/9908-AG-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

DESPATCH 2484

Ottawa, November 7, 1949

Sir,

I have the honour to refer to the visit recently paid to Canada by the Rt. Hon. Ernest Bevin. Accompanied by Mrs. Bevin, Sir Roger Makins, Assistant Under-Secretary of State for Foreign Affairs, and Mr. R.E. Barclay, Private Secretary, he arrived in Ottawa on Sunday, October 2, and remained until Wednesday, October 5, when he departed for Montreal where he spent one day prior to returning to New York.

2. On Monday morning Mr. Bevin paid a courtesy visit to the Prime Minister and later attended a meeting of the Cabinet. The discussions were of a general nature as Mr. Bevin dealt with some of the broader aspects of the problems facing the United Kingdom Government without raising specific issues or making any appeal for Canadian support in any particular connection.

3. That evening the Prime Minister and Mme. St. Laurent, on behalf of the Government of Canada, gave a dinner in honour of Mr. and Mrs. Bevin. In his after-dinner speech the Prime Minister referred in felicitous terms to the many achievements of Mr. Bevin's career. The latter replied in a typically forceful and humorous manner. He dwelt at some length on his appointment as Minister of Labour in the Churchill Government and of the difficulties encountered by the United Kingdom during and after the war.

4. Mr. Bevin spoke with considerable confidence concerning the future and based his optimism upon the accomplishments of post-war years. While he recognized the importance of the contribution of the United States and of Canada to the economic rehabilitation of the United Kingdom and of continental Europe, he felt that there was not a full awareness of what the United Kingdom had done in restoring its own domestic position and in stabilizing the whole sterling area, particularly by meeting the immediate and urgent requirements of India.

5. The keynote of his speech was that the United Kingdom is not an old worn-out mother country but is a young and vigorous nation. It has been reorganized on a foundation of new social values and is today strong, healthy, inventive and ready to

continue contributing its full share to the betterment of living standards throughout the world.

6. On Tuesday morning Mr. Bevin gave a press conference. I attach a summary of the views he expressed there.†

7. At noon he was guest of honour at a luncheon given by the Canadian Club. I attach excerpts from his speech as reported in the Canadian Weekly Bulletin, Volume 4, No. 49, October 14.†

8. That evening, at six o'clock, Sir Alexander Clutterbuck gave a large reception at Earnscliffe for Mr. and Mrs. Bevin.

9. The following morning Mr. Bevin left by car for Montreal where he addressed a luncheon in his honour, which was given by the Canadian Club of that city. I attach the full text of his speech.†

10. The entire visit was, I believe, most successful, both from the standpoint of Mr. Bevin and of the Canadian Government and people. Mr. Bevin's friendly, informal and cheerful attitude created a most favourable reaction. The knowledge that he had not come to request, either in private conversations with the Government or from a public forum, any particular assistance from Canada but merely wished to pay a friendly visit and explain some of what he described as temporary difficulties of the United Kingdom, evoked a warm response from all quarters.

I have, etc.

H.F. FEAVER

for Secretary of State for External Affairs

CHAPITRE XI/CHAPTER XI
RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART I
VISITE DU PREMIER MINISTRE À WASHINGTON
VISIT OF PRIME MINISTER TO WASHINGTON

870.

L.S.L./Vol. 235

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

SECRET

Washington, February 12, 1949

I. *St. Lawrence Waterway*

After the President's lunch for the Prime Minister at Blair House the President invited Mr. St. Laurent, Mr. Acheson, Mr. Steinhardt and Mr. Wrong to remain for a discussion. He began by saying that the Prime Minister had mentioned the St. Lawrence project to him at luncheon and had said that unless the joint projects for power and navigation were approved this year the Canadian Government would, because of a need for power in Canada, have to back the separate power proposal on the lines put forward by Ontario and New York. The Prime Minister emphasized the need for power in Ontario and referred to the possible development in the Lachine section of 1¼ million horsepower provided the waterway went through. The whole project, he thought, would have a very beneficial effect on the future relations of the two countries, because there was no serious question of anybody giving up anything and it constituted a great addition to the productive resources of them both.

The President remarked that he had gone into the matter very fully when he was first elected to the Senate and had never wavered from his conclusion that the whole project should be completed. He could not understand the attitude of a number of mid-western Senators who had opposed its approval, although he could see why Senators from the Atlantic seaboard took a different line. He indicated that he hoped that the present Congress would act favourably, but did not commit himself as to the action which he proposed to take to encourage its approval or whether he would support the separate power project if Congress failed to approve the 1941 agreement. He remarked on this that the separate project could only be constructed with the consent of the Federal Government.

Mr. St. Laurent commented on the diminution of opposition in the Province of Quebec. The President said that the chances in Congress looked better than hitherto, although the railway companies and unions continued to be strongly opposed.

II. *Commercial Questions*

The President cordially agreed with the remark by the Prime Minister that it would be in the interests of the two countries that trade should be as free from restriction as possible. He emphasized, however, the need for proceeding by stages so that the public would be satisfied that no serious damage was inflicted on the economy of either country by successive advances. There was no discussion of the way in which tariff barriers could be reduced in the near future. Mr. St. Laurent mentioned the great prospects of development of national resources in Canada, with particular reference to oil production and increased use of domestic coal, which would go a long way towards rectifying the normal Canadian adverse balance of payments with the United States. The President said that he had recently received information on the prospects of oil development between the Canadian border and the Arctic Ocean, including an optimistic account of the possibilities of finding a large new pool in Alaska.

The Prime Minister brought up the problems of Canadian military procurement in the United States. He emphasized the economy, and indeed necessity, of the purchase by Canada in the United States of substantial quantities of equipment which it would be uneconomic to seek to manufacture in small quantities in Canada. He pointed out, however, that this would necessitate from the financial point of view an increase in U.S. military procurement in Canada of a restricted number of manufactured articles for the use of the forces, in addition to raw materials for munitions production.

The President expressed interest in this idea, and indicated that he would be glad to have it further examined. He and the Secretary of State agreed that they would have difficulty with their own Services, who liked to keep equipment production directly under their thumb, but he remarked that the decision in the final analysis would be his and that he would see to it that the Canadian situation was borne in mind.

The Prime Minister observed that people feel in Canada that they could manufacture almost everything, but that they only wished to manufacture what could be justified on economic grounds. He mentioned our desire to have certain Canadian requirements placed on U.S. Service contracts, a procedure permissible under an act of 1941, and the hope that further legislation would be adopted which would permit Canadian purchases from stock. The Secretary of State, presumably referring to the Inter-American Military Assistance Act which failed of passage in the last Congress, remarked that a major source of difficulty was that a good deal of the equipment under it would be given away to Latin American countries whereas the Canadian Government proposed to pay for whatever they secured. He thought that this would make a substantial difference in the attitude of Congress towards Canadian procurement.

III. *North Atlantic Treaty*

The North Atlantic Treaty was briefly discussed. The Prime Minister emphasized his view that its major value was as a deterrent to war, and that he believed that the Canadian people would support the commitment of Canada on these

grounds, although the machinery of the treaty would have to be employed to increase the combined power of the parties to it.

He went on to say that it was most important to him that the treaty should not be a military alliance only, but should hold out the prospect of close economic and social collaboration between the parties. An article to this effect would be of the greatest value to him politically in securing the full acceptance of the treaty by the Canadian people.

Not very much was said by the President or Mr. Acheson on the subject of the treaty, and other pending questions in connection with it were not alluded to.

IV. *Communication with Alaska*

The President brought up the question of improving land communications with Alaska, saying that he had not yet had an opportunity of discussing this with the Secretary of State, but that he was familiar with proposals which were strongly supported in the Pacific Northwest. They desired both the extension of the Pacific Great Eastern Railway to connect with the Alaska railway system and the construction of a road along the Rocky Mountain Trench. He mentioned that the cost of this road had been estimated as \$18 million, and that one proposal was that it should be shared evenly between the governments of the U.S., Canada and British Columbia.

On the railway Mr. St. Laurent remarked on the desire of the Premier of British Columbia to dispose of the railway to one of the two great Canadian railway companies and his intention to improve it and increase traffic on it as a means of making this proposal attractive.

On the road the Prime Minister referred to the political difficulties in the way of federal contributions to highway construction in the provinces, but mentioned the Trans-Canada Highway as an exception to the previous Canadian practice. He remarked that the Premier of B.C. would like to have the road built, but did not like the prospect of a third of its cost being paid by the province.

In general defence of improved land communications the President observed that Alaska was the crossroads of the air between Europe and Asia and that its development was currently seriously cramped by paucity of communications.

V. *Wheat*

The Prime Minister mentioned his concern at the possibility that the movement of wheat from Canada to the United Kingdom under the contract might be disrupted through the inability of E.C.A. to provide the U.K. with the necessary dollars on account of the large stocks of wheat in the United States. He pointed out that this would have a very serious effect, both economic and political, in Canada, and that it would also cause difficulties between Canada and the United Kingdom. He mentioned that he understood that there was a prospect of this development with respect to shipments in the second quarter of 1949.

The President apparently was unaware that the matter was a very live one. He remarked that the wheat position in the United States was not one of such great over-supply, adding that they contemplated a carry-over of between 300 and 400 million bushels. Both he and Mr. Acheson appeared to agree that it would be most unfortunate if the U.K. were refused the dollars to carry on the Canadian wheat

contract, and that some means must be found to avoid such a development. They indicated that he or Mr. Acheson would discuss the matter with the Secretary of Agriculture.

The President then said that the Canadian Government might help them in overcoming the difficulties raised by the United Kingdom to the conclusion of the International Wheat Agreement, a matter which had been considered by the United States Cabinet within the last day or two. He was very anxious that the wheat agreement should be signed and ratified in the near future, and the major obstacle to agreement was the position taken by the United Kingdom delegation in seeking to force the ceiling price down to a point well below what the United States could accept.

The Prime Minister said that he would go into this question and see what could profitably be done by Canada, remarking on the great Canadian interest in securing an agreement that would stabilize the price of wheat at a range between fixed points.

VI. *Newfoundland Bases*

The Prime Minister raised the question of the rights granted to the United States in the three Newfoundland bases by the Agreement of 1941 with the United Kingdom. He said that after the union of Newfoundland with Canada it was the desire of the Canadian Government that the non-military rights should be brought into accord with the principles laid down in the statement of February 12th, 1947, to govern defence co-operation between the two countries. He pointed to the prospect of difficulties over smuggling customs free goods imported by post exchanges in the bases into neighbouring Canadian territory, and also mentioned possible difficulties over the extent of the jurisdiction over offenders which the U.S. could exercise under the Agreement.

The President remarked that he was familiar with the problems caused by smuggling from post exchanges, and Mr. Acheson said that they were currently involved in a controversy over this in Trinidad. He expressed himself as desiring a mutually agreeable solution, and suggested, with Mr. Acheson's concurrence, that a detailed statement of Canadian desiderata should be submitted as the next stage. He recognized that there would be difficulty with the U.S. Services over the relinquishment of rights now enjoyed, but thought that he and the Secretary of State could cope with this so as to give Canada some satisfaction.

Mr. St. Laurent made it clear that there was no disposition on our part to challenge the validity of the leases or of the rights accorded by the 1941 Agreement. What he hoped for was that an understanding would be reached between the two governments, perhaps in an exchange of notes, controlling the exercise of certain of the rights without impairing in any way the defence value of the bases. It would not be possible to reach a definite agreement until after the union of Newfoundland and Canada had become effective, since Canada has as yet no legal rights in the matter.

It was left that the issue would be pursued in due course with the Department of State.

VII. *General Political Situation*

In the course of the conversation Mr. St. Laurent told the President about the prospect that an election would be held in Canada during 1949. He said that the Canadian Government was happy to be able to continue to do business with a Democratic Administration in Washington, and he hoped that this sentiment was reciprocated so that the President would be sorry to see a change in Canada as a result of the election. Mr. Truman indicated his cordial assent. The Prime Minister remarked that one of his purposes in accepting the President's invitation to visit Washington had been to explain in general terms some of the current matters touching on the interests of the United States in which the action of the U.S. Government might have an effect on the outcome of the election.

In general the discussion could scarcely have been conducted in a more cordial atmosphere, and one left with the feeling that it certainly should make easier the conduct of relations between the two countries in the future. The President displayed every manifestation of good will towards Canada, and repeatedly referred to his earnest belief that the closest harmony between the United States and "its best neighbour" was an important object of his policy. He also showed his respect for Canadian political independence as being in the interests of both the countries.

[HUME WRONG]

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PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, February 14, 1949

...

PRIME MINISTER'S VISIT TO WASHINGTON

1. *The Prime Minister* reported on his visit to Washington (over the weekend) during which he had had conversations with the President, the Secretary of State and the Administrator of ECA.

The topics discussed included the St. Lawrence development, North Atlantic security, U.S. bases in Newfoundland, purchase of U.S. equipment for Canadian forces, Canada's relationship to ECA (particularly in connection with the U.K.-Canada wheat contract), and Canada-U.S. trade.

The attitudes of Mr. Truman, Mr. Acheson and Mr. Hoffman on the matters discussed with them had been wholly co-operative. There had been evident throughout a desire to work out mutually satisfactory solutions of common problems.

Certain of the topics of discussion would require to be followed up promptly through the U.S. State Department, notably our desires in respect of the Newfoundland bases, U.S. equipment for Canadian forces and the position of Canadian representatives in the current Washington conference on a world wheat agreement.

(Memorandum, Canadian Ambassador to the United States, Feb. 12, 1949).

2. *The Cabinet*, after discussion, noted with satisfaction the Prime Minister's report.

872.

L.S.L./Vol.235

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

SECRET

Washington, February 18, 1949

Dear Mike [Pearson]:

Yesterday afternoon I was given on a strictly personal basis a copy of a memorandum made by Dean Acheson of the conversation between the President and Mr. St. Laurent. Dean did not have a chance to dictate this until several days after the conversation took place. I am enclosing a copy of it. I mentioned to you on the telephone that the Prime Minister thought my record was very restrained. You will find that Dean's at one or two important points is still more restrained and is certainly more sketchy. I dictated my memorandum immediately on getting back from Blair House, but of course was not able to take notes of what was said during the conversation and had to rely on my memory.

As my record is fuller and, I think, more accurate than Dean's, I have given a copy of it to Hickerson, and this morning I went over it and Dean's report with him and Snow at the State Department. There is nothing that could be called a complete discrepancy between the two papers. In the matter of the Newfoundland bases Dean's report is vague and does not indicate at all clearly what the Prime Minister proposed, but I have seen to it that this is understood in the State Department. In the matter of the E.C.A. financing of Canadian wheat Dean's record does not go far enough, but I sent a message yesterday (WA-431 of February 17th)† saying that the State Department thought my record went too far and giving the reasons why.

I am, however, disturbed, as I told you on the telephone, that the Prime Minister may expect too concrete results from the very friendly way in which the President received his remarks. There follows a very brief summary of the position in which I think the various matters discussed were left. I put this in the order in which they were taken up.

1. *The St. Lawrence Waterway*. General agreement on the desirability of approval of the project, but no special action indicated. The question of how and when to proceed with Congress is still before the President for decision.

2. *Trade Questions*. General agreement on the desirability of increasing trade. Specific methods were not discussed.

3. *Procurement of Military Supplies*. Action to permit Canadian purchase of needed new equipment is under way and broader legislation is expected later in this session of Congress. The State Department is to investigate the possibility of U.S. procurement in Canada and is preparing a study on this.

4. *North Atlantic Treaty.* While no commitment was made by the President on the inclusion of an article on economic collaboration, I think that the Administration is now prepared to accept this.

5. *Communications with Alaska.* The President was prompted to bring this up by Senator Magnuson and Mr. Wallgren.¹ It is quite likely that a joint resolution will pass Congress authorizing an economic survey of the traffic possibilities of a railway connecting the P[acific] G[reat] E[astern] with Alaska. I learn at the State Department that the cost of building a road through the Rocky Mountain Trench might be as much as \$150 million instead of the \$18 million mentioned by the President.

6. *Wheat.* On E.C.A. financing efforts are being made to find some way out of the difficulty caused by the abundance of U.S. supplies and by congressional interest in the subject, but it is still open to serious question that these efforts will succeed. Indeed, the Secretary of Agriculture (in whose hands the decision lies) has publicly indicated pretty clearly that he will refuse to agree to the financing of Canadian wheat in the second quarter of 1949. With regard to influencing the position of the U.K. on the International Wheat Agreement, our delegation here is taking the leading part in the negotiations for a compromise. I do not know whether we have said anything in London, but we told both Franks and Clutterbuck about the President's request shortly after the discussion took place.

7. *Newfoundland Bases.* I shall try to send a message tomorrow on this difficult question. We still have a long way to go before we can find a mutually satisfactory solution, and I am puzzled about how to proceed.

Yours sincerely,

HUME [WRONG]

[PIÈCE JOINTE/ENCLOSURE]

Note de du secrétaire d'État des États-Unis
Memorandum by Secretary of State of United States

SECRET

After luncheon at the Blair House on Saturday, February 12, the President and the Prime Minister retired for a general discussion. Secretary Acheson was present.

The Prime Minister reviewed briefly the situation confronting his Administration. He said that in the economic field Canada's former position, of selling largely in Europe and buying largely in the United States, probably could not be recovered.

The Prime Minister said Canada must hope to balance its payments with the United States by producing more of the goods which it could sell to us. If Canada would, as seemed hopeful, develop petroleum resources and its own coal supplies, he thought it would relieve a burden on U.S. resources and free dollars for other purchases. He said Canada hoped for closer trade relations with the United States.

¹ Respectivement sénateur américain (Washington) et ancien gouverneur de Washington. United States Senator (Washington) and former Governor of Washington, respectively.

On the political side, the Prime Minister stated that his Administration faced a general election within eighteen months and he expected that the election would not be postponed to the end of this Parliament's life.

The Prime Minister made specific suggestions on U.S. orders for some military items in Canada. He stressed the importance of furthering adoption of common equipment by the two forces. This meant, he said, the purchase of many items by Canada in the United States with the help of our forces—but this took dollars badly needed. He said Canada herself could concentrate on a few items which it could produce economically if orders were in volume. He asked if the United States would be willing to place orders for such items in Canada, thus utilizing natural and manufacturing resources and providing dollars to balance military payments.

The President said that the Prime Minister's suggestion deserved most careful examination and directed Secretary Acheson to institute a study.

The Prime Minister said he was greatly disturbed over the possibility that ECA might end the financing of British wheat purchases in Canada. He said this would have a disastrous effect on the Western provinces and on the whole Canadian-British and Canadian-U.S. trade. It was explained to the Prime Minister that the problem centred on whether the present law was continued which made financing impossible of wheat declared surplus in the United States and on whether wheat became surplus here. It was also pointed out that the wheat agreement had a direct bearing and that Canada could be very helpful by assisting in getting British cooperation for an agreement. If no agreement occurred and the world prices fell, the United States Government would be in a difficult position in acquiring wheat under price support procedures and still financing sales in Canada instead of supplying its own wheat. The Prime Minister said he understood and would try to be helpful.

The St. Lawrence project was briefly mentioned and the Prime Minister stressed Canada's great interest in it. The President assured the Prime Minister that his demonstrated desire for the project continued.

The Prime Minister said he recognized the legal commitments in the Newfoundland base agreements and did not propose to change them. He suggested the possibility of an exchange of notes by which the parties might express the intention, for the present, to exercise undoubted legal rights in certain ways which would not push the rights to the limit. He referred to some management of imports for post exchange, duty free, which would control bootlegging. He also mentioned some treatment of military personnel who violated the law when not discharging duties compatible with regard to Canadian sovereignty. The President expressed a desire to facilitate examination of this proposal in a sympathetic way and directed Secretary Acheson to see that discussions were had.

In response to a general suggestion for reduction of trade barriers, it was agreed that we had to proceed slowly to avoid raising fears on both sides of the border. We should always be glad to discuss any points raised.

The meeting ended with mutual expressions of esteem.

[DEAN ACHESON]

873.

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*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

TOP SECRET

[Ottawa], February 24, 1949

I am enclosing herewith a very interesting letter which I have received from Hume Wrong concerning your recent talks in Washington with the President. Attached to this letter is a memorandum which Mr. Acheson made of those talks. This is, of course, a highly confidential document and is one which we were not supposed to see, and it was given to Wrong on a strictly personal basis.

You will note that Dean Acheson's account of your conversations is somewhat more restricted even than that of Mr. Wrong. I think that we will find that Mr. Truman's amiable offers of assistance and cooperation may be somewhat difficult to implement. I am also wondering whether we should not begin to follow up one or two of them. As a first step in this process I am hoping to see Steinhardt Saturday morning and talk to him about Newfoundland.

L.B. P[EARSON]

2° PARTIE/PART 2
SOVERAINETÉ
SOVEREIGNTY

SECTION A
ARCTIQUE
ARCTIC

SUBDIVISION I/SUB-SECTION I
GÉNÉRALITÉS
GENERAL

874.

DEA/50197-D-40

Note au Comité consultatif sur le développement du Nord
Memorandum to Advisory Committee on Northern Development

SECRET

[Ottawa], March 2, 1949

RE-CANADIANIZATION OF NORTHERN CANADA

Introduction

1. The object of this paper is to show briefly how, and to what extent, the various departments are succeeding in the government's policy of keeping the Canadian Arctic Canadian.

Weather Stations

2. This section of the report deals with two categories of Arctic weather stations: those in the Northeastern Arctic which were continued in operation by the United States following World War II (now in the process of being taken over by the Department of Transport); and those which have been established and operated as joint Canada-U.S. projects. These two classes are discussed below under separate headings.

(a) Northeastern Weather Stations

3. The continued operation of a number of weather stations in Northeastern Canada by the United States was approved by Cabinet Defence Committee in September, 1946. In January, 1947, however, the Cabinet approved the taking over of these stations by the Meteorological Division, Department of Transport, over a period of three years, ending in 1950.

4. During 1948, two of these stations (Mecatina, Que. and Clyde River, Baffin Island) were taken over from the United States and are now operated by Canadian personnel. The United States are still operating the remaining stations in this group, which are located at Padloping, Cape Harrison, Indianhouse Lake, Mingan, Frobisher and Chimo.

5. The Department of Transport intend to take over Indianhouse Lake during 1949-50, but plans for Padloping and Cape Harrison are indefinite. The remaining three stations (Frobisher, Chimo and Mingan) are airfields as well as weather stations and are dealt with in Para. 12 below.

6. The operation of the weather station at Goose Bay is under the control of the Canadian Meteorological Division, although the United States are responsible for upper air observations.

(b) *Joint Canada-U.S. Arctic Weather Stations*

7. In January, 1947, the Cabinet approved a Canada-U.S. Arctic weather station programme which called for the establishment of a number of joint weather stations over a three-year period, ending in 1950. Under this arrangement, the officer in charge, half the personnel (together with their pay and subsistence) and, generally speaking, all permanent installations are provided by Canada. The Canadian operating agency is the Meteorological Division, Department of Transport. The United States provides transport and other equipment and supplies.

8. Four of the nine stations approved by the Cabinet in 1947 have now been established, with a main station at Resolute on Cornwallis Island and satellite stations at Eureka, Ellesmere Island; Isachsen on Isachsen Peninsula and Mould Bay on Prince Patrick Island. It was planned to establish two further stations in the network during 1949-50, one on North Ellesmere Island in the vicinity of Dumbell Lakes and the second on Melville Island near Bridport Inlet. It was later agreed, however, at a meeting of officials of the two countries in January, 1949, that the establishment of the latter station (Melville Island) would be deferred one or two years because of the limitations imposed on the U.S. Weather Bureau appropriation for 1949-50.

9. An additional station in this group which was originally planned for Cambridge Bay, Victoria Island, has been established at Coppermine, Mackenzie District, and is operated by the Meteorological Division as a purely Canadian project.

Air Fields and Air Strips

(a) *Air Strips*

10. When the Arctic weather station programme was approved by Cabinet, it was recognized that adjacent air strips would be required for supply purposes. Accordingly, air strips were constructed at each of the joint weather stations as they were established. Improvement in the air strip at Resolute Bay was undertaken during the summer of 1948, by agreement between Canada and the United States, to render it suitable for winter operations. With respect to division of responsibility between Canada and the United States in this regard, the guiding principle is similar to that accepted generally for the joint weather station programme.

(b) *Air Fields*

11. In October, 1945, the Cabinet directed that, as an interim measure, the R.C.A.F. take over U.S. facilities on the airfields of the Northwest Staging Route, and this decision was confirmed in February, 1946. Accordingly, the RCAF is operating the airfields and their associated facilities on the Northwest Staging Route. However, the USAF are still maintaining establishments at Edmonton,

Alta., and Fort Nelson, B.C. for the purpose of assisting in the support of their air transport operations between Alaska and the United States.

12. The wartime airfields at Frobisher Bay, Baffin Island; Fort Chimo and Mingan, Que., are still operated by the United States, though the costs of construction and all permanent installations have been paid for by the Canadian government. It is understood that the RCAF will take over operation of these airfields by the end of 1950 and that when this is accomplished the Department of Transport will assume responsibility for the associated weather stations. RCAF liaison officers are now attached to these stations.

13. At certain of these aerodromes permission has been given by Cabinet for the United States to construct a limited number of married quarters on the understanding that all permanent installations would become the property of the Canadian government.

Low-Frequency Loran Stations

14. On February 25th, 1947, Cabinet approved Canadian participation in the establishment of a chain of six low-frequency Loran stations, to be operated by Canada and the United States. Three of these were to be in Canada, one in Alaska and two in Greenland. Canadian participation is confined to the stations established in Canada. Canada assumed responsibility for construction and supply, and the United States provided Loran towers and sets and some mechanical transport. The Canadian stations are now manned entirely by RCAF personnel.

15. Previously, in May, 1946, Cabinet authorized the establishment of experimental transmitting stations at Hamlin, Sask., Gimli, Man., and Dawson Creek, B.C. This chain was to be maintained until the Northern chain became operational, but circumstances necessitated that its operation be continued for training purposes. Although the station at Dawson Creek has been closed down, the other two units will continue in operation until September, 1949. US participation consists of technical supervision, including the provision of a majority of technical personnel at the transmitting stations.

16. The United States also provides a detachment of B-29 aircraft which have been based at Edmonton for Loran experimental and test flights. RCAF liaison officers are attached to this operation.

17. Results of tests of the Northern Loran chain have been unsatisfactory and it appears that additional engineering and development work must be undertaken before the chain can be considered a successful aid to navigation.

Air Photography and Mapping

18. Cabinet Defence Committee, on April 15, 1948, approved a United States programme of aerial photographic surveys in certain areas of the Arctic, Newfoundland, Labrador and Eastern Quebec, for mapping purposes.

19. Under this authority, a considerable amount of aerial photographic work was carried out in these areas by the United States during the summer of 1948. Duplicate negatives of all photographs taken are being forwarded to the Department of National Defence. RCAF liaison officers are attached to the US photographic units

based at Ladd Field, Alaska, in connection with US photographic operations in the Arctic Islands area.

Transportation and Communications

(a) Air Supply

20. The USAF provides air transport to the three airfields in Northeastern Canada (Frobisher, Chimo and Mingan) which they still operate. It is assumed that the air supply of these stations will become a Canadian responsibility by 1950 when they are taken over by the RCAF and Department of Transport, as previously mentioned.

21. The USAF is also responsible for the air supply of the joint Canada-US weather stations. The RCAF, in consultation with other interested departments, is at present studying the implications of taking over this responsibility from the USAF.

22. The scheduled flight from Andover Field, Massachusetts to Churchill by the USAF has recently been discontinued owing to the need for aircraft in the Berlin Airlift. U.S. personnel travelling to Churchill now proceed by Canadian means of transportation.

23. Scheduled flights are maintained by the USAF to Alaska along the Northwest Staging Route, on a daily basis. These, of course, are transit flights, with the bulk of passengers and freight being destined for Alaska.

24. On February 1st, 1949, the RCAF assumed responsibility for the air supply of the Northern Loran stations. Prior to that date the United States had provided substantial assistance.

(b) Sea Supply

25. With Cabinet approval (January, 1947) the United States provides transportation, both by air and sea, to the joint Canada-US weather stations. The sea supply mission in the past has consisted of two icebreakers and one or more cargo vessels. The Transportation Sub-Committee had prepared recommendations which, if implemented, would provide Canada with the means of taking over the sea supply of these stations in 1952.

(c) Communications

26. Direct communication channels between the US and Canadian territory exist at the US-operated weather stations and airfields, and at Churchill. When, as mentioned above, the weather stations and associated airfields are taken over by Canadian agencies, the need for these channels will disappear. The channel to Churchill is an experimental one and is not used for routine and administrative communications.

27. At the joint weather stations, the radio operators are Canadian, and weather information is disseminated over a Canadian network.

Scientific Investigations

28. Well defined channels exist for the clearance of United States scientists wishing to visit Northern Canada for the purpose of carrying out scientific investigations. These procedures are becoming more widely known and were recently reaffirmed at the Joint Canada-US meeting in January, 1949, when a procedure

suitable to Canada for the clearance of scientists visiting the joint weather stations was agreed to by the United States.

29. US activities in the scientific field, apart from experimental work at Churchill and that carried out in connection with service operations, such as the sea supply mission, are largely sponsored by the Arctic Institute of North America, which had about twelve scientific parties in Northern Canada during the summer of 1948.

W.P. CHIPMAN
G.H. NEWSOME
Joint Secretaries

875.

DEA/50197-C-40

*Extrait du procès-verbal de la réunion du Comité consultatif
sur le développement du Nord*

*Extract from Minutes of Meeting of Advisory Committee
on Northern Development*

SECRET

[Ottawa], March 10, 1949

Present

Dr. H.L. Keenleyside (in the chair), Deputy Minister of Mines and Resources
Mr. Escott Reid, Acting Under-Secretary of State for External Affairs
Mr. J.C. Lessard, Deputy Minister of Transport
Air Vice Marshal A.T. Cowley, Director of Air Services, Department of Transport
Lieut. Gen. C. Foulkes, Chief of the General Staff
Air Vice Marshal A.L. James, RCAF, Air Member for Technical Services
W.P. Chipman, [Privy Council Office], Joint Secretary
G.H. Newman, Wing Commander, RCAF, Privy Council Office, Joint Secretary

Also Present

Rear-Admiral F.L. Houghton, RCN, Vice-Chief of Naval Staff
Dr. O.M. Solandt, Chairman, Defence Research Board
Commissioner S.T. Wood, R.C.M. Police
Mr. F.G. Goodspeed, Assistant Chief Engineer, Department of Public Works
Mr. Alex Watson, Marine Superintendent, Department of Transport

I. REPORT OF THE TRANSPORTATION SUB-COMMITTEE ON SURFACE TRANSPORTATION
IN NORTHERN CANADA

1. *The Committee* had for consideration the final report of the Transportation Sub-Committee on surface transportation in Northern Canada. This report contained a number of recommendations, the implementation of which, in the view of the Sub-Committee, would enable Canada to meet the surface transportation

requirements as now visualized in the Canadian Arctic over a ten-year period without outside assistance.

An explanatory document had been circulated. (Secretaries' memorandum ND 16, dated Feb. 21, 1949)†

Surplus French Icebreaker

2. Air Vice Marshal James informed the Committee that consideration had been given to the desirability of obtaining the icebreaker which was being disposed of by the French government. The Royal Canadian Navy and the Department of Transport, however, had indicated that this vessel was not suited to their purposes and that to refit her to the required standards would be very nearly as costly and time-consuming as to build a new vessel.

3. *The Committee* agreed that the French icebreaker was unsuitable for Canadian use.

Second Canadian Icebreaker

4. *Air Vice Marshal James* stated that the Transportation Sub-Committee, after considerable study, had arrived at the conclusion that two icebreakers were necessary to ensure the safe and timely annual supply of the northern weather stations by sea. While, under very favourable conditions, one icebreaker might be able to accomplish this task, a second icebreaker should be available in case of accident. This had been well demonstrated in the summer of 1948 when one United States icebreaker had been nearly lost north of Ellesmere Island, only being saved by assistance from the second icebreaker.

The Transportation Sub-Committee, in arriving at the conclusion that two icebreakers were necessary, had considered only the transportation aspect of the problem. There might be additional implications from the defence point of view which would strengthen this conclusion.

It should, however, be noted that the N.B. McLEAN could be used for the supply of the northern weather stations if she could be spared from her normal duties by the Department of Transport.

5. *Mr. Lessard* pointed out that the need for the McLEAN in the St. Lawrence during the spring for icebreaking operations, and in Hudson Bay and Hudson Strait during the summer for the servicing and supply of radio-marine stations, precluded her use in more northern operations.

Because of this, a request from United States authorities that the McLEAN take part in the sea supply mission to the joint weather stations had been refused.

6. *Rear-Admiral Houghton* informed the Committee that the expected date of completion for the RCN icebreaker was 1952. The Navy view on the proposed second icebreaker was that such a ship was necessary but could be more effectively employed under the control of a civilian department, especially since the RCN would have difficulty in manning such a vessel.

7. *General Foulkes* stated that the Chiefs of Staff concurred in the view expressed by Admiral Houghton.

8. *Air Vice Marshall Cowley* pointed out that the weather stations constituted a permanent requirement for supply operations, and that the only alternative to sea supply was air supply, which would be infinitely more costly.

9. *Mr. Watson* said that the Department of Transport had plans for an icebreaker drawn up and, if government approval were obtained, it was to be expected that the ship could be built in two years.

10. *The Committee*, after further discussion, agreed:

(a) that a second Canadian icebreaker was essential if Canada were to undertake the supply of the northern weather stations; and

(b) the Department of Transport should seek the authority of the Government for the construction and operation of this vessel.

Department of Transport Vessel for the Eastern Arctic Patrol

11. *Air Vice Marshal James* informed the Committee that the present arrangement whereby the supply of northern posts and stations was undertaken by a number of chartered vessels was unsatisfactory, from the point of view of both efficiency and cost. In addition, certain much needed navigational information would be obtained by the Eastern Arctic Patrol vessel when she was in use.

12. *Mr. Lessard* stated that the vessel for the Eastern Arctic Patrol had been promised for delivery in the fall of 1949, in which case she would be available in the summer of 1950.

13. *The Committee* noted that the Eastern Arctic Patrol vessel would be available for use in the summer of 1950 and agreed that every effort be made to ensure that this date be met.

Charting and Aids to Navigation

14. *Air Vice Marshall James* reported that the Transportation Sub-Committee considered the adequate charting and placing of suitable aids to navigation was a matter of urgency at Chesterfield Inlet, Frobisher, Chimo and along the Mackenzie River System.

15. *The Committee* agreed to recommend to the departments concerned that a high priority be given to the adequate charting and marking of channels at Chesterfield Inlet and along the Mackenzie River System, and, depending on RCAF plans, at Frobisher and Chimo.

Co-ordinating Agency

16. *Air Vice Marshal James* drew the attention of the Committee to the need for having one agency with executive authority in a position to co-ordinate shipping requirements, in order to avoid overlapping and duplication of effort. The Department of Transport was at present performing this function for the Eastern Arctic and it was suggested that they extend their activities to cover the Western Arctic coast as well.

17. *Mr. Lessard* said there would be no objection from the Department of Transport to this proposal.

18. *The Committee* noted with approval that the Department of Transport would act as the co-ordinating agency for shipping requirements in the Canadian Arctic.

Air Supply

19. *Air Vice Marshal James* reported that, on the assumption that Canada would ultimately be required to take over full responsibility for the operation and supply of weather stations, the Air Force, in consultation with the other Services and the Department of Transport, had undertaken a preliminary study of the air supply problems involved.

These studies had shown that although the supply of the weather stations was of major concern to the Departments of National Defence and Transport other departments and agencies were concerned. For example, the provision of periodic air service (supply of mail, emergency supplies, fresh fruit, etc.) to the personnel of one government agency raised the question of the desirability of providing like treatment to similarly situated personnel of other government departments, such as Mines and Resources and Justice.

It had become evident, therefore, that before an air supply plan could be formulated, policy decisions were required on such questions as division of responsibility between departments concerned, the standard of air service to be provided (frequency of flights, quantity of supplies per man, etc.) and the basis of sharing costs, manpower requirements and other facilities.

In these circumstances, it was recommended that a Sub-Committee be formed under the Advisory Committee on Northern Development with representatives from the planning sections of the interested departments to make recommendations on matters of policy which might be referred to it for study.

20. *The Committee*, after some discussion, agreed that the Secretaries convene a Sub-Committee of representatives from the interested government departments, to study the question of air supply policy and to make a recommendation thereon to the next meeting of the Committee.

II. PROVISION OF A HELICOPTER FOR EASTERN ARCTIC PATROL VESSEL

21. *The Chairman* reported that the new eastern Arctic Patrol vessel, now under construction for the Department of Transport, was designed to carry a helicopter to assist in navigation through packed ice in the high latitudes. This raised a question as to which department should be responsible for supplying, operating and maintaining the aircraft.

(Secretaries' memorandum dated February 21, 1949, Document ND 17)†

22. *The Committee*, after discussion, agreed that the Department of Transport supply, operate and maintain the helicopter to be provided for the Eastern Arctic Patrol vessel.

III. NORTHERN CONSTRUCTION PROGRESS REPORT

23. *Mr. Goodspeed* informed the Committee that the Construction Sub-Committee had given consideration to a number of problems since the last meeting of the Advisory Committee on Northern Development. The report which was circulated with the agenda was in the nature of a progress report.

(Secretary, Construction Sub-Committee memorandum, Document ND 18, dated February 21, 1949)†

Consideration had been given to provision of electricity from a central power plant at a number of locations in the Mackenzie District. Yellowknife, of course, was supplied with power from the Snare River development; a proposition was now before interested departments regarding the supply of power from a central plant operated by the Northwest Territories Power Commission to all users in the Fort Smith area; at Hay River, a study by the Northwest Territories Power Commission had indicated that it would be uneconomical to operate a central plant until the consumption of electricity increased and a study of power requirements and generating facilities at Fort Resolution was now under way.

Through the appointment of liaison officers to work between interested departments, the co-ordination of purchasing and of construction was being attempted. The Department of Public Works district engineer at Edmonton was in touch with other departments there regarding the bulk purchasing of materials and the Sub-Committee in Ottawa had prepared a programme for construction in 1949 on the basis of only one department doing building operations in one area.

It had not yet been possible to make any recommendations concerning a standard type of Arctic construction, since there was disagreement concerning the advantages of prefabricated buildings. However, tests were now under way at Churchill on a prefabricated building developed by the Army and it was expected that when the results of these tests were known a recommendation would be made.

24. *The Chairman* informed the Committee that the Northwest Territories administration had noticed an improvement in cooperation and co-ordination of effort between departments undertaking construction in the north in the last year.

25. *The Committee* noted with approval the progress report of the Construction Sub-Committee.

VI. RE-CANADIANIZATION OF NORTHERN CANADA

37. *The Committee* had for consideration a memorandum prepared by the Secretaries the object of which was to show how, and to what extent, the various departments were succeeding in the government's policy of keeping the Canadian Arctic Canadian.

(Secretaries' memorandum dated March 2, 1949, Document ND 21)

38. *Air Vice Marshal James* reported that although the RCAF expected to be able to take over the airfields at Frobisher, Chimo and Mingan by the end of 1950, responsibility for the air supply of these and the Northern weather stations could not be assumed, at least, until the following year. In these circumstances, some US personnel would still be stationed at these airfields after 1950 in support of their air supply operations.

39. *Air Vice Marshal Cowley* pointed out that Cape Harrison, being in Labrador, had not been considered as one of the weather stations to which the Cabinet's decision of 1947 applied. The Indianhouse Lake station had been destroyed by fire but the United States had expressed their willingness to rebuild it. In the view of the Department of Transport, there was some doubt as to the necessity for maintaining

Padloping as a continuing weather station, otherwise no difficulty was anticipated in meeting the 1950 target date.

With respect to the joint weather stations, the Department of Transport were now of the opinion that it was not necessary to establish a station on North Ellesmere Island (Alert) for at least one or two years.

40. *The Chairman* suggested that if the provisions of the Cabinet directive of 1947 in respect of the taking over of airfields and weather stations from the U.S. by 1950 were not going to be met, this should be reported to the government.

41. *The Committee*, after further discussion:

(a) noted the Secretaries' report; and

(b) agreed that the circumstances regarding the taking over of Frobisher, Chimo and Mingan, as outlined by Air Vice Marshal James and any changes in plan regarding Indianhouse Lake and Padloping weather stations be reported to the government.

876.

PCO/Vol. 6181

*Note de la branche des services aéronautiques, ministère des Transports
au Comité consultatif sur le développement du Nord*

*Memorandum from Air Services Branch, Department of Transport
to Advisory Committee on Northern Development*

CONFIDENTIAL

[Ottawa], August 24, 1949

CONTROL AND OPERATION OF REMOTE AIR BASES

1. The duplication of the functions of government departments in the operation of northern or remote air bases, as well as the burden of commitments extraneous to the normally accepted responsibilities of some departments, requires as clear a definition of policy as may be possible, in order to economize in manpower and resources and to maintain a high administrative efficiency.

2. The requirements that make these bases necessary are varied and far reaching, so that a clear division of responsibility in this respect is difficult. The demand arises in one or more of the following sources:

- (a) the defence of Canada;
- (b) the defence of North America;
- (c) civil air transport;
- (d) military air transport;
- (e) domestic and international meteorological information;
- (f) settlement of undeveloped areas;
- (g) the development of natural resources;
- (h) scientific investigation and research.

3. The government departments most directly concerned in these air bases are:

- (a) National Defence;

- (b) Mines and Resources;
- (c) Transport.

4. The bases under consideration may be conveniently grouped as follows:

- (a) the Northwest Staging Route;
- (b) the Yukon and the Northwest Territories excluding the Arctic Islands;
- (c) the Arctic Archipelago;
- (d) the Eastern Arctic.

5. The aerodromes on the Northwest Staging Route are maintained and operated by the R.C.A.F. while the radio aids to navigation, the meteorological services, traffic control and a large part of the signals communication system are operated by the Department of Transport. The civil air traffic amounts to approximately 60 trips a day flown by the U.S.A.F. and the R.C.A.F.

6. The primary importance of this airway and its bases is in the defence of North America and the military line of communication to Alaska. It has, however, a very considerable importance to civil air transport as a vital part of the Northern route to the Orient and also in the development of Northwestern Canada. The Northwest Staging Route links with the whole North American system of airways through Edmonton and it is similar to all those airways in the services and facilities which it provides for aircraft.

7. With the exception of maintaining any strictly military establishment, the Department of Transport might add the aerodromes to its other operations and thereby relieve the R.C.A.F. very considerably in the problem of allocating resources. While increasing the responsibilities of the Department of Transport, it would be a logical extension of that Department's normal functions.

8. In the Yukon and the mainland Territories, the main air bases, excluding the Northwest Staging Route, are controlled and operated by the Department of Transport although there are a number of small aerodromes privately controlled and one or two which are under the authority of other government departments or agencies. The demands for these bases arise principally in the need for air transportation in the development of the area and its resources. There are the defence and other requirements already mentioned but in the majority of cases, they are secondary and generally can be satisfied when the first requirement is met.

9. Past policy has encouraged private enterprise in the construction and maintenance of air bases in this area, occasionally assisted by grants in aid. In other cases, the Department of Mines and Resources have made financial contributions as a part of the policy to assist in the development of natural resources. The results achieved have been reasonably satisfactory and these policies might well be continued.

10. The air bases in the Arctic Archipelago are required to supply and maintain meteorological stations and to some extent air navigation facilities. The weather information obtained is a part of a world wide pattern and is not limited to any specific service whether national or international, civil or military. In this area, there are also requirements to satisfy the needs of scientific investigation and research as well as defence. The demand for the settlement and development in any part of the region is small; for the foreseeable future it will remain small. At some

future date, there will possibly be a need for air routes and associated aids over the Polar area but these requirements cannot be anticipated now.

11. Canada should not let her sovereignty over the Arctic Islands suffer by any suggestion of default and she must fulfil her international obligations in that area with regard to scientific investigation and defence. Civil air transport could maintain and supply the bases but the investment in capital equipment would be so large the costs would very probably prove to be prohibitive. The R.C.A.F. with their organization and equipment are the most suited to efficiently operate, maintain and supply these bases. In so doing, the Air Force can show the flag continuously, and, equally important, acquire the Arctic experience and knowledge necessary to defence. The R.C.A.F. are also in a better position to maintain security measures.

12. Coral Harbour, Frobisher, Chimo and Goose are the main bases in the Eastern Arctic. Chimo may soon have increasing importance in the development of the Ungava district and Goose is a vital part of the North Atlantic air route. All these bases were constructed for joint defence purposes under the war emergency. Their defence role still overrides all other considerations. With the exception of Goose, they could be closed immediately without significantly affecting any civil air requirements.

13. As long as Goose continues to play such an important part in joint defence, it should remain under R.C.A.F. control. Coral Harbour, Chimo and Frobisher along with all their facilities might properly be controlled and operated by the R.C.A.F. whether their purpose is defence or backing up more remote Arctic bases.

14. The following general principles in determining a division of responsibility might be applied:

(a) the Air Services Branch of the Department of Transport to maintain and operate all air bases where the public convenience and necessity in air transport is clearly demonstrated unless such bases can be provided by local authorities or private enterprises;

(b) the costs of these bases in the Yukon and the Territories, established essentially for the development of unsettled areas and natural resources, to be borne by the Department of Mines and Resources; the Air Services Branch because of technical knowledge and experience to maintain and operate them;

(c) air bases intended for strictly military purposes to be operated by the R.C.A.F.;

(d) the control of these bases that fill both a military and a civil role to be determined by the overriding requirement for their existence and where this is not clearly evident the control and operation should be decided by the most logical and efficient extension of existing departmental functions;

(e) in the case of remote Arctic bases required for defence and scientific investigation, the R.C.A.F. to be responsible for full control and operation because of the organization, the technical facilities and the resources available to them, as well as their ability to maintain the necessary security measures.

15. In the light of these considerations it is recommended that:

(a) the Department of Transport take over the complete control and operation of the Northwest Staging Route;

(b) the Department of Transport assume the responsibility for control and operation of all Dominion Government air bases in the Yukon and the mainland Territories excluding any strictly military bases;

(c) the R.C.A.F. control and operate all air bases in the Arctic Archipelago;

(d) the R.C.A.F. control and operate all bases and their facilities in the Eastern Arctic including Coral Harbour, Frobisher and Chimo;

(e) the R.C.A.F. continue their present control and operation of Goose and the Department of Transport continue the maintenance and operation of meteorological and radio aid facilities.

877.

DEA/4228-40

*Sous-ministre des mines et ressources
au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Mines and Resources
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, November 9, 1949

Dear Mr. Heeneey:

This letter refers to the discussions held in your office yesterday afternoon at which we reviewed recent incidents which appear to indicate a strong and growing United States interest in the northwestern sector of this continent. Participating in and contributing to the discussion in addition to you and myself were Mr. Escott Reid, Mr. C.C. Eberts, Mr. Arthur Menzies of the Department of External Affairs, and Mr. R.K. Odell of Mines and Resources.

In the course of our conversation we reviewed the following developments:

1—The North Pacific Planning Project, initiated in 1942 and completed insofar as the Canadian part of the work was concerned with the publication of "Canada's New Northwest" in 1947.

2—Various United States proposals for the construction of railway and road communications through British Columbia or the Yukon to Alaska, including recent suggestions regarding the year-round maintenance of the Haines Cut-off.

3—The emphatic attitude of Governor Gruening of Alaska, in conversations with me in 1948, in regard to the necessity for joint or co-operative plans for the development of the Northwest (Alaska, Yukon, Mackenzie Valley, Northern British Columbia).

4—Recent reports from the Canadian Chamber of Commerce with reference to proposals being pressed by the United States Chamber for a joint study of northwestern development.

5—Proposals made during the last two years by the Aluminum Company of America for the use of Canadian waters in the production of electric power on the United States side of the Alaska-Yukon boundary.

6—Subsequent proposals from the United States Government suggesting the submission to the International Joint Commission of a reference covering the joint development of hydro-electric power along the Alaska-Yukon boundary.

7—A report received from our Embassy in Washington to the effect that the United States Army Engineers were pressing the State Department to arrange for a joint study by the two Governments of the whole problem of boundary waters in the Alaska-Yukon area.

8—Repeated reference to our "common problems" in the Northwest and to the desirability of joint study and development programmes, by United States officials (including J.A. Krug, the then Secretary of the Interior) attending the recent United Nations Scientific Conference at Lake Success.

9—The publication in Washington last week of a report compiled by the Department of the Interior and dealing with the development of "A sub-Arctic empire of 11,000,000 people in the area covered by northern British Columbia, the Yukon and Alaska". (This is presumably the long delayed United States contribution to the material published in connection with the North Pacific Planning Project referred to in 1 above.)

It was felt that these events indicate a degree of active interest in Government circles in Washington that should not be ignored. While it may peter out in the press of other affairs, there is at least a possibility that it reflects a serious determination to initiate a major programme of northern development. Canada has, proportionately, very much more at stake in the Northwest than has the United States. It is, therefore, of the utmost importance that we should keep closely in touch with United States thought and not allow Canada to be caught off guard by a sudden and formidable programme announced in Washington.

I referred to the fact that several United States officials, including Mr. Secretary Krug, had suggested at Lake Success that I should visit the Department of the Interior at Washington to discuss mutual interests with the officers of that Department. I had accepted these suggestions as examples of American courtesy but had made no plans to act on them. In the light of the other events noted above, however, I had come to the conclusion that there might be some value in such a visit. Alternatively, we might ask our Embassy to undertake an exploratory programme in the Department of the Interior.

Following our discussion of these matters it was the unanimous view that it would be useful—as insurance if nothing else—for Mr. Odell (who with Dr. Camsell² was the author of "Canada's New Northwest") and me to spend a few days in Washington for the purpose of obtaining whatever information can be gathered

² Charles Camsell, sous-ministre des mines (1920–1936); sous-ministre des mines et ressources (1936–1949).

Charles Camsell, Deputy Minister of Mines (1920–1936); Deputy Minister of Mines and Resources (1936–1949).

about United States intentions in the Northwest. You promised that the Embassy would assist insofar as this might prove practicable.

Subject, therefore, to the approval of my Minister and of the Minister of External Affairs, I propose to proceed to Washington with Mr. Odell some time before Christmas for the purposes herein indicated.

The kind of questions to which we shall endeavour to obtain answers are such as these:

A—Is the United States Government planning or about to start planning any major development programme in Alaska?

B—If so, to what extent and in what ways will this affect the Yukon and British Columbia?

C—Is the Department of the Interior serious in its intention of negotiating an agreement for the development of power on the Alaska-Yukon border as a public project?

D—If so, how does this fit in with the programme of the United States Army Engineers?

E—If not, is the United States Government prepared to assist the Aluminum Company of America to carry out its announced programme?

F—Is there any serious intention of acting on the recommendation of the Department of the Interior's report on the freeing of United States-Canada-Alaska trade from the shackles of the Jones Act?

G—Is the basic idea of the North Pacific Planning Project (the regional development of Alaska-Yukon-Mackenzie Valley-British Columbia, and possibly Washington and Oregon) being revived and, if so, under what auspices?

This list could be extended indefinitely but these indicate the kind of inquiries that we will have in mind.

I shall seek an early opportunity to discuss this matter with my Minister. If he approves the programme thus outlined we shall then arrange to visit Washington at which time you will wish to inform the Embassy of our projected visit and its purpose.

Yours sincerely,

H.L. KEENLEYSIDE

878.

DEA/9061-A-40

*Note de la direction de liaison avec la défense
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Defence Liaison Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 19, 1949

Item No. 1 on Northern Development Committee Agenda for December 19

CONTROL AND OPERATION OF REMOTE AIR BASES

The papers on this item,† which are now partly out-of-date, could be dealt with more realistically after item 4 which reports recent steps to transfer air facilities from the U.S.A.F.

2. The attached D.O.T. and R.C.A.F. papers are of little direct interest to this Department since they are primarily concerned with a debate between these two Canadian agencies as to which of them should operate the following airfields:

- (a) Northwest Staging Route.
- (b) Other fields in the Yukon and Mainland Territories.
- (c) Fields in the Arctic Archipelago excluding the southeastern area.
- (d) Fields in the Eastern Arctic and Labrador.

3. The papers are confusing on the future status of the N.W.S.R. D.O.T. suggests that it take it over from the R.C.A.F. and, while the R.C.A.F. comment on paragraph 7 of the D.O.T. paper suggests that this transfer should not take place "for the present at least", the R.C.A.F. comment on D.O.T.'s paragraph 15(a) seems to indicate that the R.C.A.F. agrees to transfer of the Route to D.O.T.

4. If D.O.T. is to take over the Route, the only point of interest to us is whether the matter should go before the P.J.B.D. before a final decision is made in Ottawa. It will be seen from the R.C.A.F. comment on D.O.T.'s paragraph 7, that the P.J.B.D. went on record some time ago as considering it "distinctly advantageous to have the Route operated by a military agency". If D.O.T. and the R.C.A.F. agree on transfer of the Route to D.O.T., I should think it would be quite sufficient if the R.C.A.F. member, P.J.B.D., merely consulted his opposite number in Washington. (I understand that the recent R.C.A.F. member mentioned the plan to the U.S.A.F. member early in the autumn). The final decision could then be reported to the Board at a subsequent meeting.

5. External only has an interest in the remaining points in the attached papers that relate to airfields at present operated by the U.S.A.F. My note on Item 4 of the agenda shows that the R.C.A.F. will have taken over Frobisher Bay, the one remaining U.S.A.F. airfield in the Northeast, by September 1950, and that it will have taken over from the U.S.A.F., by the summer of 1951, the whole of the airlift to the joint Arctic weather stations. The attached papers indicate that, while D.O.T. favours the R.C.A.F. taking over operation of all the "air bases" at the joint weather stations in the remote Arctic—the only other bases that the U.S.A.F. still operates in Canada—the R.C.A.F. only expresses a clear readiness to take over the main

airstrip in this group at Resolute Bay where it put in some buildings last summer (see D.O.T. paras. 10, 11, and 15(c) and R.C.A.F. comments on them).

6. This leaves under debate the future status of the "air bases" at the satellite joint weather stations at Prince Patrick Island, the Isachsen Peninsula, Eureka Sound and such further joint Met[eorological] stations as may be established, (it is planned to set up stations at Alert and Bridport Inlet next summer). I believe D.O.T. uses the term "bases" because landings at the satellite stations are usually on sea, ice or water and only the Eureka station has a short airstrip on land. The U.S.A.F. has been operating the airlift to the satellite stations and has, I think, done some of the work on the Eureka airstrip which was started by the Met. personnel who have also done most of the work of laying out airstrips on the ice at the other satellite stations.

7. While, under the Joint Weather Stations Programme approved by Cabinet, Canada owns any associated airstrips, the U.S. is made responsible for air transportation. I therefore, assume that the debate between D.O.T. and the R.C.A.F. as to which of these Canadian agencies should operate the air bases at the satellite stations has arisen in view of the Government's general policy of Canadianizing Northern activities. The U.S. will, of course, be delighted if a Canadian agency takes on the responsibility of maintaining proper landing facilities at the joint weather stations. There would be security, training and other advantages (see D.O.T. paras. 10 and 11) in the R.C.A.F. rather than D.O.T. operating the very limited landing facilities provided at the joint weather stations. Also, as the R.C.A.F. will be almost the sole user of these facilities after it takes over the airlift in 1951, there would seem to be some logic in its operating the landing facilities. However, a choice between these two Canadian agencies would not seem to be a matter for External.

879.

DEA/4228-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], December 21, 1949

Dr. Keenleyside paid a visit to Washington a week ago to make some enquiries about United States plans for development in the Pacific Northwest and relations between Canada and the United States in that area. He had talks with Mr. Norman L. Smith, Chairman of the Federal Power Commission, Mr. Oscar L. Chapman, Secretary of the Interior, Major-General Lewis A. Pick, Chief of Engineers, Department of the Army, Mr. William E. Warne, Assistant Secretary of the Interior, and several other officials.

2. Dr. Keenleyside's report on his visit is attached.† The following are some of the highlights of this report:

(a) Press reports about United States plans for Alaskan development, which spoke of a northern "empire of eleven million people" were greatly exaggerated. Moreover, the proposed billion-dollar Alaska Development Corporation has not yet received official approval, much less Congressional endorsement.

(b) There is a strong feeling in the Department of the Interior that the Yukon-Taiya River power project should be undertaken as a public responsibility in order to make power available "to stabilize the economy of the whole area of southern Alaska."

(c) The United States Corps of Engineers has been making a series of useful factual surveys of the river valleys of Alaska. In conjunction with their work on these surveys, the Corps of Engineers has proposed to the Department of the Interior that a basic international study of the boundary waters in the Alaska-Yukon region be undertaken. (Although the United States Embassy had told us of this idea in an informal way, we have as yet had no official request that such a study be initiated.)

(d) United States officials visited were most anxious to see year-round maintenance of the Haines Cut-off Highway. Mr. Warne felt that a highway should also be developed between the Prince Rupert road in the south and the Haines Cut-off in the north.

(e) Mr. Warne is strongly in favour of a modification of the Jones Act to permit United States traffic to be carried through Prince Rupert to Alaska, and believes there is some prospect of this modification being made if it is "persistently pushed".

(f) It is by no means certain that the coal and oil resources of Alaska can be developed on an economic basis.

(g) Mr. Chapman and Major-General Pick are strongly in favour of the St. Lawrence Waterway and Power project and will give it their full support.

3. Dr. Keenleyside concludes that there is no immediate prospect of an all-out campaign for the development of the north. However, there is in Washington an awareness of, and an interest in, Alaska which was not characteristic even of the Department of the Interior before the war or as late as eighteen months ago. There is a speeding up of Alaskan activities which might easily be translated into a major development campaign. Canada, he suggests, must be prepared to take advantage of every favourable element in Alaskan policy, and will have to adopt a more positive attitude. This would involve abandoning our recalcitrance on the year-round maintenance of the Haines Cut-off, reconsidering our attitude towards the Edmonton-Dawson Creek Highway, and greatly extending our studies of the water resources of the Yukon. He stresses the need for officers of the Departments of External Affairs and Mines and Resources to establish and maintain a close and friendly contact with the interested United States officials.

A.D.P. H[EENEY]

880.

DEA/50197-C-40

*Extrait du procès-verbal de la réunion du Comité consultatif
sur le développement du Nord*

*Extract from Minutes of Meeting of Advisory Committee
on Northern Development*

SECRET

[Ottawa], December 20, 1949

I. CONTROL AND OPERATION OF REMOTE AIR BASES

1. *The Committee* had for consideration a memorandum from the Department of Transport (Air Services Branch) suggesting certain principles which might be applied in determining responsibility for the control and operation of remote air bases.

(Secretary's memorandum—Document ND 23)†

This memorandum represented a broad statement of policy which if recommended by the Committee might serve to govern future relationship between the Department of Transport, the R.C.A.F. and other government departments with regard to control and operation of these airfields.

2. *During the general discussion* which followed, the following points emerged:

- (i) the principle outlined in para 14(a) was generally acceptable;
- (ii) para 14(b) was acceptable to the Department of Mines and Resources;
- (iii) para 14(c) was generally acceptable if amended to read as follows:

“Air bases intended for military purposes, or in which security is an overriding consideration, to be controlled or controlled and operated by the R.C.A.F. (R.C.N. where applicable).”

(iv) para 14(d) was acceptable as a broad statement of policy. However, in the case of the Northwest Staging Route the R.C.A.F. would prefer to discuss with the U.S.A.F. any major change which was proposed;

(v) In para 14(e), the reference was to the airfields in connection with the Joint Arctic Weather Stations. The R.C.A.F. was preparing plans for supplying these stations and until these were completed no firm statement of its policy could be made.

(vi) The air strip at Baker Lake was being closed and in future landings could only be made by aircraft equipped with skis or floats.

3. *The Committee*, after further discussion:

(a) agreed that the principles outlined in para 14 of the Department of Transport's memorandum as amended in the light of the above discussion were acceptable; and

(b) noted that before any major changes were undertaken regarding the operation and control of the Northwest Staging route or Coral Harbour, the R.C.A.F. would consult with the U.S.A.F. in the former and the Department of Transport in the latter case.

III. TRANSPORTATION

(a) *Transportation Sub-Committee*

9. *The Chairman* recalled that the Transportation Sub-Committee had been set up to report on transportation requirements in the summer of 1948, and again in 1949, and to review the long-range transportation arrangements in the North. Reports had been submitted on the 1949 requirements and on long-term surface requirements. The more recently formed Air Supply Policy Sub-Committee was reviewing the long-term air requirements. It was now to be decided whether the sub-committee should be continued—with altered terms of reference and, possibly, membership—or disbanded.

10. An explanatory note had been circulated.

(Secretary's memorandum dated November 30, 1949 Document ND-25)

11. *Air Marshal Curtis* pointed out that in this period of rapid expansion of government activities in the North, it would seem advisable to keep the Transportation Sub-Committee together. It might be that they could be joined with the Air Supply Policy Sub-Committee to avoid having two committees in the same field.

12. *Mr. Baldwin* suggested that Trans-Canada Air Lines, in view of the changed policy governing their activities, had little interest in the work of the sub-committee, and might be dropped from membership.

13. *Group-Captain [C.L.] Annis* said that National Health and Welfare had, through its nursing stations, a fairly large transportation requirement and consideration might be given to including them in the committee.

14. *Mr. Robertson* pointed out that, when set up, the successor departments to Mines and Resources should presumably be represented.

15. *The Committee*, after further discussion, agreed—

(a) that the Transportation Sub-Committee should continue in existence to consider and make recommendation on such problems as might from time to time be referred to it; and

(b) that its composition should be altered by the dropping of Trans-Canada Air Lines, and the addition of National Health and Welfare and representatives of the successor departments to Mines and Resources.

(b) *Commercial Flying and Strategic Interests in the Canadian North*

16. *The Committee* had before them a memorandum to the Cabinet from the Minister of Transport which was subsequently referred to them for consideration and report.

The Air Supply Policy Sub-Committee had commented on the three points of policy raised by Mr. Chevrier.

(Secretary's memorandum dated December 9, 1949—Document ND-28)†

17. *Mr. Baldwin* informed the Committee that the Air Transport Board lacked an overall directive on Government policy with respect to commercial flying in the North.

18. *During the general discussion* on the three queries³ raised in Mr. Chevrier's memorandum, the following points emerged:

(i) It was generally agreed that government policy should be deliberately aimed at maintaining the maximum degree of control over air lines of communication and supply in the Canadian north whether for Canadian or U.S. bases.

(ii) Cases of the U.S. Services contracting with U.S. commercial firms for work in Canada were few and the situation could not be considered as serious. It was pointed out that the existing regulations prohibited American commercial operators from undertaking such activities as air photography, etc., in Canada and it was suggested that the regulations should be strictly enforced.

(iii) The R.C.A.F., while anxious to maintain jurisdiction over Department of National Defence air operations, only undertakes flying for other government departments and agencies when they are unable to obtain the services of commercial operators, and balances its own requirements for northern flying with the resources of its Air Transport Command. Thus, the general policy suggested in point (3) is in effect and is implemented from time to time as the occasion arises.

19. *The Committee*, after further discussion, agreed that a memorandum for Cabinet reporting on Mr. Chevrier's memorandum of the 28th of September, 1949, be prepared by the Air Transport Board in consultation with the Department of Transport (Air Services Branch) in the light of the above discussions.

(c) *Transportation—Canadian Government Ice-Breakers*

20. *The Committee* had for consideration memoranda from Transport and from the Chief of the Naval Staff concerning the progress made to date on the Canadian government ice-breakers.

(Secretary's memorandum, Document ND-27)†

21. *Mr. Lessard* stated that the Department of Transport ice-breaker would be completed in 1951.

22. *Lieutenant-Commander [W.D.F.] Johnston* stated that the R.C.N. ice-breaker would be completed in the summer of 1952.

23. *The Committee* noted the reports from the R.C.N. and the Department of Transport with regard to the progress being made on construction of these ships.

IV. NORTHEASTERN AIR FIELDS AND WEATHER STATIONS

24. *The Committee* had for consideration memoranda from the Air Force and Transport outlining the present position and future plans for the Northeastern

³ Lionel Chevrier, le ministre des Transports, posa les questions suivantes:

The queries by the Minister of Transport, Lionel Chevrier, were:

(a) Should government policy be deliberately aimed at maintaining the maximum degree of control over airlines of communication and supply in the Canadian North, whether for Canadian or U.S. posts?

(b) Should the U.S. military services be permitted if possible to utilize Canadian operators rather than give their contract work to U.S. operators?

(c) While the RCAF must obviously maintain a considerable amount of northern flying, would it be in the general interest if some plan could be worked out under which greater use could be made of the private operators?

weather stations and associated air fields. It was proposed that all of the Northeastern weather stations should be taken over from the United States and operated by Transport by the late summer of 1950, with the possible exception of the station at Padloping. The airfields at Chimo and Mingan were to be taken over by the R.C.A.F. in 1949 and reduced to caretaker status. That at Frobisher is to be taken over on September 1, 1950 and will continue to serve as a main staging point between Goose Bay and Resolute Bay until such time as other arrangements are made for the re-supply of the far northern weather stations.

(Secretary's memorandum, dated Nov. 30—Document ND-28)†

25. *Air Vice Marshal Cowley* raised the question of the likelihood of reopening the bases at Mingan and Chimo once they were closed down.

26. *Air Marshal Curtis* said that the Air Force was now studying this subject and would consult with Transport on the standard of maintenance required and related topics.

27. *Dr. Solandt* inquired regarding the future organization at Chimo, pointing out that the ionosphere station had been located at some distance from the airfield, in order to avoid interference with the operation of the radio range. If the air station was to be permanently closed down, it might prove possible to move the ionosphere station to a more accessible location.

28. *The Committee*, after further discussion—

(a) noted with approval the plans of Transport and the R.C.A.F. for taking over from United States authorities the Northeastern weather stations and associated airfields; and

(b) noted that Transport would consult with the Air Force regarding the maintenance of Chimo and Mingan.

V. PROPOSED ITINERARY; "C.D. HOWE"

29. *The Chairman* informed the Committee that the "C.D. HOWE", the Department of Transport vessel which was to replace the "NASCOPIE" and carry out the Eastern Arctic patrol would sail on her maiden voyage to the Arctic in the summer of 1950.

The question now arose as to whether or not Resolute Bay should be included in her itinerary.

The Northwest Territories Administration were of the opinion that in the interests of Canadian sovereignty, a token visit to Resolute Bay should be included in the proposed itinerary. Transport, however, considered that this would be impractical in that only a small amount of cargo could be carried which the Americans, as in the past, were prepared to handle. Transport went on to point out that there were serious difficulties which might be encountered in attempting to land this small cargo.

30. *Air Marshal Curtis* said that it would seem to be preferable to wait until the Transport ice-breaker would be able to accompany the "C.D. HOWE" before attempting to visit Resolute.

31. *The Committee*, after further discussion, agreed that in 1950 no attempt should be made to have the "C.D. HOWE" visit Resolute Bay but that, in view of the national importance of maintaining all evidences and acts of Canadian sovereignty, the question should again be considered as soon as the Transport ice-breaker is available to accompany the "C.D. HOWE".

SUBDIVISION II/SUB-SECTION II

EXERCICE NANOOK II

EXERCISE NANOOK II

881.

DEA/9061-J-1-40

*Note du ministère des Affaires extérieures**Memorandum by Department of External Affairs*

SECRET

Ottawa, May 7, 1949⁴

U.S. NAVY SEA SUPPLY MISSION TO THE CANADA-U.S. JOINT WEATHER STATIONS IN THE CANADIAN ARCTIC, SUMMER 1949

1. In accordance with the minutes of the Canada-U.S. technical meeting of Jan. 6, 1949, held in Ottawa to plan the 1949 programme for the Joint Arctic Weather Stations and the related U.S. Navy summer Supply Mission to the Weather Stations, the State Department has now requested approval of this summer's Supply Mission and conveyed the U.S. Navy's invitation to the Canadian Government to send representatives on the Mission.

2. As in the past, authorization for the Supply Mission is being sought by this Department in consultation with the Department of Transport. All Departments will, however, be interested in the information given in memoranda attached to the State Department's letter.† These memoranda, which we have consolidated and amended in the light of other recent messages from the U.S. Navy and the State Department, are quoted below.

3. The code name "Nanook II" has been assigned to the Supply Mission, and the ships participating in it have been designated as "Task Group 86.1". Captain Basil N. Rittenhouse, U.S.N., has been designated Task Group Commander. The ships taking part in the Mission are:

Vessel	Commanding Officer	Complement	
		Officers	Men
U.S.S. EDISTO (Icebreaker)	Commander E.H. Maher USN	26	190
U.S.S. WYANDOT (Transport)	Commander T.S. Webb, USN	20	170
U.S.S. LST-533	Lieutenant J.E. Vautrot	8	70

⁴ Transmise aux ministères intéressés le 10 mai 1949.

Circulated to interested departments on May 10, 1949.

4. Following is the text of the memoranda referred to as consolidated and amended:

“(1) The primary purpose of this operation is the resupply of the established Arctic Weather Stations, which are as follows:

(a) At Thule, Greenland.

(b) At Resolute Bay, Cornwallis Island.

(c) At Eureka and North Ellesmere as may be practicable and upon completion of (a) and (b) above.

“(2) The ships will depart from Boston and Davisville, R.I., about 15 July, proceeding to Halifax to load the balance of the Royal Canadian Air Force cargo. After departing Halifax, the WYANDOT and LST-533 will proceed to Thule, Greenland, and, upon arrival, commence unloading operations. The EDISTO will proceed to the various ports in southern Greenland to deliver mail and supplies as requested by Commander Service Force, U.S. Atlantic Fleet. Enroute to Thule she will enter Dundas Harbor, Devon Island, to comply with a request received from the Arctic Institute of North America to land two geologists. When unloading at Thule has been completed, the LST-533 will sail for the United States, and the EDISTO and WYANDOT will proceed to Resolute Bay, Cornwallis Island, to deliver the weather station and Royal Canadian Air Force supplies. After these supplies have been landed, the WYANDOT will sail for the United States and, weather and ice conditions permitting, the EDISTO will endeavor to increase the cache of supplies at Alert, carry supplies to Eureka, and conduct reconnaissance in the area, particularly Radstock Bay on the west coast of Devon Island, for future sites for satellite weather stations. Prior to the EDISTO's departure from the Arctic, the two geologists at Dundas Harbor will be recovered and, if it is practical to do so, the return trip will be made through Fury and Hecla Strait. Because of the large resupply commitments and variable weather and ice conditions which may be encountered, it is not practicable at this time to set forth a hard and fast itinerary of operations.

“(3) Services of two RB-17 aircraft will be furnished by the U.S. Air Force for aerial ice reconnaissance in the general area, and there will be helicopters which will conduct similar flights in the immediate vicinity of the icebreaker. The RB-17 aircraft will operate from the airstrips at Thule and Resolute, while the helicopters will operate from the EDISTO.

“(4) In conducting the operation, every effort will be made to protect all forms of wildlife. Also, the life and customs of the Eskimos will be interfered with as little as possible.

“(5) The secondary purposes of this operation are:

(a) *Transporting R.C.A.F. cargo to Resolute Bay.* The Royal Canadian Air Force has requested that approximately 2300 tons of supplies and equipment be transported to Resolute Bay. The Navy will undertake this delivery with the understanding that loading, transportation, and unloading of supplies required by the weather stations must be given first priority. It should be presented to the Canadian Government that this acceptance is not to be considered as a commitment upon which to

establish a precedent for succeeding years. The Royal Canadian Air Force has requested that part of the cargo be loaded in Halifax, Nova Scotia. For this reason, clearance, if required for the ships to enter to complete the loading, will be arranged by "local notification".

(b) *Training personnel, testing ships and materiel in summer Arctic conditions.* Personnel training and testing of ships and materials will not involve any military operations. Any firing of the armament will be for test only and will not take place in close proximity to land. It is anticipated that landings will be made at other than the established stations to permit observers to collect information as well as to investigate possible sites for future satellite stations.

(c) *Observations of geographical, navigational and aviation interest; recording detailed hydrographical, meteorological and electromagnetic propagation data; and other scientific investigations desired.* The nature and scope of the minor hydrographic, meteorologic, and other scientific investigations to be carried out will be similar to and a continuation of last summer's operation, full details of which were included in Task Force 80's report. The names, when known, of the U.S. civilian scientists who are selected to conduct these investigations will be submitted, together with a brief notation of the nature and scope of their intended activities. At the same time, a request will be made for proper licensing and clearance.

"(6) Only one icebreaker is participating in this summer's operation; therefore it will not be possible to extend an invitation to as many Canadian observers as was done last year. The EDISTO will be able to accommodate (7), and the WYANDOT ten (10), a total of seventeen (17) observers.

"(7) Due to the limited scope of this operation, technical and scientific projects will be kept to a minimum. The staff of the Task Group Commander and complement of ships participating will be limited to those required for operational functions and therefore will not be able materially to assist in the collection and compilation of data for special projects. Limited assistance will be provided when practicable, but those planning technical and scientific projects will be required to furnish the personnel necessary to carry them out. Observers (and commands) are requested to submit by 15 May 1949 a list of technical and scientific projects desired to be undertaken, giving the following:

- (a) Character and scope of the project.
- (b) Personnel to be accommodated on board ship or ashore.
- (c) Weight and space requirements for special equipment to be installed on board ship.
- (d) Weight and space requirements of material to be transported to base.
- (e) Priority.

If any Canadian agencies have in mind projects which would require the assistance of the ships or the crews, or part of them, they should submit outlines of their projects as requested above. If individual Canadian scientists on the expedition have in mind projects which will not require anybody's assistance or require the

ships to go out of their course, outlines need not be submitted. The date of 15th May is very important in relation to submissions for projects requiring assistance.

“(8) A detailed operation plan and projects folder for this summer’s operation will be prepared and will be promulgated when completed.”

5. With reference to para 4, sub para (6) above, the U.S. Navy has informed the Embassy in Washington that it is just possible that it will be able to accommodate additional Canadian personnel. Lieutenant MacLean, R.C.N., who is at present working in U.S. Navy Headquarters in connection with the planning of the Supply Mission, will not be counted as a Canadian representative and will be considered as accompanying the Supply Mission as a member of the group of U.S. Navy officers.

SUBDIVISION III/SUB-SECTION III

CROISIÈRE DU USS EDISTO
CRUISE OF USS EDISTO

882.

DEA/17-E(s)

Note du ministère des Affaires extérieures
Memorandum by Department of External Affairs

CONFIDENTIAL

[Ottawa], January 11, 1949

PLANS FOR THE EXPEDITION OF THE U.S.N. ICEBREAKER U.S.S. “EDISTO” TO
CANADIAN ARCTIC WATERS, WINTER 1949

In November, 1948, the U.S. Navy applied, through diplomatic channels, for permission for “Edisto” to carry out certain activities in the Canadian Arctic in the winter of 1949. On December 7, the Chiefs of Staff Committee gave its approval to the plans for this expedition subject to certain conditions since agreed to by the U.S.N. There follows a statement of the plans for the expedition drafted in the light of the U.S.N.’s acceptance of our conditions.

1. During February and March, 1949, “Edisto” will operate, as practicable, along the eastern coasts of Baffin, Bylot and Devon Islands, N.W.T. (and the west and east coasts of Greenland) with the primary purpose of studying ice conditions and the practicability of operations in the area under winter conditions. The State Department lists the following secondary purposes of the expedition:

- (a) to determine the limits of operation by “Arctic”-type vessels;
- (b) to test the unloading of cargo over the ice;
- (c) to train personnel and test equipment and material (the expedition will “not involve military operations in any respect”—i.e. use of munitions, overland tactical exercises, etc.);
- (d) to record ice conditions;
- (e) to observe geographical, navigational and aviation conditions (there will be no aircraft operations other than helicopter reconnaissance from “Edisto”);

(f) to record hydrographic, meteorological and electromagnetic propagation data;

(g) to conduct such other scientific investigations and services as may be desired by other Government agencies.

2. The detailed Operation Plan and Projects Folder for the expedition will be supplied through the State Department when completed so that the Canadian authorities concerned may have advance information on the scientific and other investigations planned by the U.S. agencies—which will be similar to those carried out on the recent U.S.N. summer supply missions to the joint Arctic weather stations.

3. Requests for N.W.T. licenses, with appropriate information, will be forwarded to Ottawa if any U.S. civilian scientists are to accompany "Edisto".

4. If any landings are made, there is to be no taking of game or interference with the Eskimos.

5. Copies of the expedition's report will, as usual, be made available to the Canadian Government.

6. The U.S.N. has agreed to accommodate on "Edisto" one Canadian representative from each of the following:

1. R.C.N. (to be selected)

2. R.C.A.F. (to be selected)

3. Mines and Resources (Geographical Bureau)—Mr. W.A. Black already selected.

4. Transport (Marine)—Capt. F.A. Germain, Master of the D.O.T. tender, "Lady Laurier", already selected.

7. We understand that "Edisto" will sail early in February. Washington has been asked for the latest information regarding the place and date of the sailing and it will be passed on to the interested Departments as soon as it is received.

8. We assume that the Canadians participating in the expedition will have with them all necessary Arctic clothing on joining the ship.

9. The following action has still to be taken in Ottawa:

1. Final approval of the expedition by Cabinet Defence Committee or the Ministers of National Defence and External Affairs (the Department of Mines and Resources having already given its approval) and communication of that approval to Washington by External. Approval by the Ministers is being arranged by External with the Secretary, Cabinet Defence Committee.

2. Approval of a brief press statement regarding the expedition for simultaneous release in Ottawa and Washington. In accordance with the joint defence publicity directive, External will take up with National Defence Public Relations the attached draft release† and also obtain approval by the U.S. authorities. Since several Canadian agencies are involved in the expedition, and so that the military character of the operation may be minimized, the joint release should, perhaps, be issued by External and the State Department.

3. Selection, from among the 4 Canadians, of a "group leader" who can deal with the "Edisto's" senior officers on behalf of the Canadian party—selection to be accomplished by consultation between the 3 Departments sending representatives on the ship.

4. Communication to External by the R.C.N. and the R.C.A.F. of the names of the representatives they have selected for the expedition and assurances regarding their security standing.

5. Communication to External by Mines and Resources and D.O.T. of assurances regarding the security standing of their representatives.

6. Communication to External by Mines and Resources, D.O.T., the R.C.N. and the R.C.A.F. of information as to the types of activities, if any, that their representatives will want to carry out, if permitted to go ashore in Greenland—so that the matter may be cleared with the Danish Legation. It is assumed that the R.C.N., R.C.A.F. and D.O.T. representatives would not be interested in carrying out scientific work at places visited in Greenland, although, possibly, the geographer would want to collect geographical and other scientific data. Washington has been asked by External to indicate whether the U.S. authorities are arranging with Denmark for their personnel to go ashore or carry out any activities ashore (a) at ports, towns or communities and (b) at uninhabited points on the Greenland coast. If authorization is not being sought for U.S. personnel, we presumably cannot risk embarrassing the U.S. by approaching the Danes on behalf of our own group.

10. *It will be desirable to give Washington the names of the Canadian participants and to indicate the name of the leader of the Canadian party by the end of this week and it will, of course, help our position in connection with similar expeditions in the future if no changes of personnel are made before "Edisto" sails. We should be in a position to give Washington assurances regarding the security standing of the Canadian party by January 25 at the latest.*

883.

DEA/17-E(s)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], January 15, 1949

PROPOSED WINTER ARCTIC EXPEDITION OF U.S.S. "EDISTO"

1. Early this week it was reported from Washington that the U.S. authorities had accepted the conditions under which Chiefs of Staff Committee had given its approval to the U.S. Navy's plans for sending its icebreaker, "Edisto", to the Eastern Canadian Arctic (and the west and east coasts of Greenland) this winter. "Edisto's" mission is to carry out various scientific activities as part of an investigation of winter operating conditions in the north. She is due to sail in the first

week of February⁵ and to carry 4 Canadian Service and civilian representatives. The plans and conditions for the trip are outlined briefly in paras. 1 to 7 of the attached memorandum of January 11.

2. On January 13, on behalf of the Government, Mr. Claxton, in his temporary dual capacity, gave final approval to the expedition's plans. When the Embassy in Washington was about to transmit this approval to the State Department, the latter suddenly indicated that the U.S. Navy was planning to take on the trip photographers from the "National Geographic" and "Life" and Mr. Thomas Henry of the Washington "Evening Star" and that, therefore, stories and pictures would doubtless appear when the ship returns.

3. When the Embassy pointed out that this changed the whole complexion of the project, the State Department replied by letter that the 3 newsmen will only join the ship after it has left the Canadian Arctic (presumably at Thule, Greenland); that, in the circumstances, it does not consider that the joint defence publicity directives are applicable to their participation; and that the Commander of "Edisto" will clear for publication all copy and photographs prepared by the journalists on the non-Canadian portion of the expedition.

4. The Embassy has commented that, on joining the ship, the journalists will inevitably obtain information about the Canadian portion of the trip and is, therefore, withholding final approval of the expedition until its new aspects have been considered here.

5. As only a short time remains to work out with the U.S. authorities certain details of Canadian participation, the new situation was taken up yesterday afternoon with Mr. Claxton's Private Secretary who later reported that Mr. Claxton wanted further time to consider the matter and that he had suggested that you might be willing to telephone him in Montreal on Monday about it.

6. The publicity directives call for inter-governmental consultation before arrangements are made with journalists for them to go into the north and as, after they join the ship, the three men in question will undoubtedly obtain and wish to publish material about the Canadian portion of the expedition, it would seem that the U.S. Navy has adopted a narrow interpretation of the directives in agreeing to take the men without prior consultation with Ottawa. At the same time, if it were not for the well-known efforts at publicity of U.S. Government agencies, one would wonder why a Service expedition collecting data for confidential use would take along newsmen. In this connection, under existing arrangements, Canadian and U.S. civilian scientists on the similar summer expeditions to the *Canadian Arctic* are cleared up to "SECRET".

7. The only way to make quite sure that there would be no leakages about the Canadian portion of the winter expedition would presumably be to simply refuse final approval of that portion. While such a solution should make quite clear to the U.S. authorities the importance that we attach to publicity matters, it might, of course, invite the criticism that we are jeopardizing defence preparations by

⁵ Note marginale:/Marginal note:
on January 24

preventing Arctic research. There is also the difficulty that after Chiefs considered the proposals for the expedition it was made fairly clear to the U.S. authorities that final approval would be forthcoming if they complied with certain conditions that they have now accepted.

8. If we were to adopt the alternative of approving the expedition provided the journalists were not taken on in Greenland, they might well stir up trouble for us in the press and, technically, it would be awkward to suggest that a U.S. ship cannot take on journalists in a foreign port.

9. The best of various unsatisfactory alternatives might be to give final approval to the expedition subject to the following conditions:

(a) the U.S. journalists will not be taken aboard until the "Edisto" has left the Canadian Arctic;

(b) any stories and photographs that the journalists may wish to publish will not refer to the Canadian portion of the voyage unless they are cleared by the Canadian Government;

(c) any material regarding the Canadian portion of the expedition that the U.S. authorities may desire to release prior to the "Edisto's" departure for the north or subsequently will not be given out without the approval of both Governments.

At the same time it could be pointed out to the State Department that, in a case of this kind, it is obviously important to consult us before any understandings are reached with newsmen.

10. We had prepared the attached brief press announcement† for release by External and the State Department after approval by both Governments. It has now been approved by all concerned in National Defence except Mr. Claxton, whose office it has just reached. In raising the question of journalists, the State Department indicated that a release is not contemplated in Washington, but unless something is put out before the sailing, I expect that we will be faced with numerous enquiries from about that time.

11. If, therefore, you telephone Mr. Claxton (who will be at the Windsor Hotel until Tuesday evening) and you decide that approval should be given to the mission, perhaps you would also discuss with him the draft release so that we can transmit it to Washington without delay.⁶

E[SCOTT] R[EID]

⁶ Le Comité de défense du Cabinet donna son aval aux mesures proposées le 20 janvier 1949. Cabinet Defence Committee approved the proposed arrangements on January 20, 1949.

884.

DEA/17-E(s)

*Le sous-secrétaire d'État aux Affaires extérieures
au secrétaire du Comité des chefs d'état-major*

*Under-Secretary of State for External Affairs
to Secretary of Chiefs of Staff Committee*

CONFIDENTIAL

Ottawa, December 21, 1949

WINTER ARCTIC CRUISE OF THE U.S.S. "EDISTO"

Attached are copies of Note No. 307 of December 19, from the United States Embassy,† requesting permission for the U.S. Navy icebreaker, U.S.S. "Edisto", to enter Canadian waters in Hudson Strait, Davis Strait and Baffin Bay in the course of a winter cruise in the Arctic regions for the purpose of developing naval information on northern conditions and the practicability of winter operations in the Arctic regions.

It will be noted that "Edisto" is due to sail from a United States port on January 18, 1950.

We are informed that the ship will also sail to Denmark Strait (between Greenland and Iceland) and gather that this training cruise will be similar to the one made last winter when "Edisto" sailed to Davis Strait, Baffin Island (without managing to enter Canadian waters in the Strait or the Bay), the East and West coasts of Greenland and Iceland. In this connection, please see the letter of November 15, 1948, from Mr. Snow of the State Department to Mr. Magann of the Embassy in Washington and subsequent correspondence on your file CSC 5-1-7.†

"Edisto"'s 1949 cruise was approved by the Canadian Government, insofar as Canadian Arctic waters were concerned, on the understanding that:

- (1) as usual in the case of a U.S. Service project in Canada, the U.S. Navy would invite representatives of Canadian Departments to participate. (A total of four representatives from the R.C.N., R.C.A.F., Mines and Resources and Transport accompanied the ship);
- (2) copies of all reports resulting from the expedition's activities in the Canadian Arctic would be made available to the Canadian Government;
- (3) if landings in the Canadian Arctic were effected, there would be no taking of game or disturbance of the Eskimos;
- (4) the U.S. Navy would provide in advance of the expedition half a dozen copies of its Operation Plan and its Projects Folder for the voyage (or similar material), so that the competent Canadian authorities would have details of the activities likely to be carried out in the Canadian Arctic;
- (5) the U.S. Navy would apply for N.W.T. licenses for any scientists accompanying the ship to the Canadian Arctic who were not regular members of the U.S. Armed Forces—the applications to indicate the names and addresses of those concerned, the nature and scope of the work they desired to carry out in the Canadian Arctic and the scientific organizations that they would be representing on the cruise. Under the recent Security Panel Recommendations, regarding security on

Arctic matters, such applications would now presumably have to be accompanied by assurances from the U.S. authorities that their observers had been cleared.

As last winter Washington informed us at the last minute that the U.S. Navy had arranged to take journalists on the cruise, it would seem advisable to inform the U.S. authorities that publicity on the Canadian portion of the cruise and on any Canadian participation in it should be subject to the publicity directives on Canada-U.S. defence activities and that it is assumed that Ottawa will be consulted in advance if the U.S. Navy has any thought of inviting press representatives.

As the U.S. Navy is anxious to complete arrangements for the cruise at the earliest possible opportunity, I should appreciate it if you would let me know at your earliest convenience whether the Chiefs of Staff and the Minister of National Defence have any objection to "Edisto" entering the Canadian Arctic waters mentioned—if practicable—in the course of its Arctic cruise and, if not, whether they wish to attach any conditions to such entry.⁷ On the basis of last winter's experience, I suppose it is debatable whether Canada could properly *insist* on sending observers when it is by no means certain that ice conditions will permit "Edisto" to enter Canadian waters in the areas mentioned by the U.S. Embassy.

Should the cruise be approved and it is decided to ask that representatives of Canadian Departments be taken on it, there will, of course, be very little time to settle the questions that will arise in connection with the Canadian party and it will be very difficult to settle them rapidly if they are not handled through Service channels. I would, therefore, suggest, provided you are agreeable, that approval of the cruise, and any conditions attached to such approval, be communicated to the State Department and that all remaining matters—apart from publicity—be co-ordinated in your office and, insofar as contact with the U.S. Navy is concerned, dealt with through Service channels. In view of this suggestion, I am attaching a copy of a memorandum of today's date† outlining, on the basis of last winter's experience, the action that will have to be taken if the State Department is informed that it is desired to send Canadian representatives on the cruise.

Copies of this letter and its enclosures are being sent to the Deputy Ministers of Mines and Resources and Transport with the request that they be good enough to send to you any comments or suggestions that they might wish to make with regard to the 1950 cruise. I am also sending copies of this correspondence to the Commissioner, R.C.M.P., for his information.

C. EBERTS
for Under-Secretary of State
for External Affairs.

⁷ Le ministre de la Défense nationale et les chefs d'état-major approuvèrent la tenue de la croisière selon les arrangements spécifiés (1-5). Cette approbation fut signalée au ministère des Affaires extérieures le 29 décembre 1949.

The Minister of National Defence and the Chiefs of Staff approved the cruise on the understandings stipulated (1-5). This approval was conveyed to the Department of External Affairs on December 29, 1949.

SUBDIVISION IV/SUB-SECTION IV

PROGRAMME CONJOINT SUR LES STATIONS MÉTÉOROLOGIQUES DE L'ARCTIQUE
JOINT ARCTIC WEATHER STATIONS PROGRAMME

885.

DEA/9061-A-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures
au conseiller, ambassade aux États-Unis*

*Acting Under-Secretary of State for External Affairs
to Counsellor, Embassy in United States*

SECRET

Ottawa, March 3, 1949

Dear Mr. Magann,

With reference to WA-549 of today's date† I am enclosing, for your information, two copies of the Minutes of the recent annual Canadian-United States meeting on the joint Arctic weather stations.† Sufficient copies have already been given to the U.S. Embassy to meet the needs of the various Departments concerned in Washington.

It will be seen that it was found possible at the meeting to incorporate in the plans for 1949 several of the useful suggestions made by your office last autumn. As all of the points made to the U.S. officials inside and outside the meeting are not included in the Minutes, I shall send you within the next few days an outline of the various steps taken in connection with your suggestions.

As you will see, it was agreed that the Prince Patrick, Isachsen and Eureka stations would be resupplied by air this spring and that the station at the northern end of Ellesmere Island—which the Geographical Board has already named "Alert"—would also be established by air in the course of the spring airlift. Further, it was agreed that the supply operations of the 1949 Sea Supply Mission would be directed to the Resolute, Eureka and Alert stations. While, prior to the meeting, the two weather services had tentative plans for establishing a station on Melville Island in 1949, it was decided that nothing would be done about this project for a year or two as the U.S. Weather Bureau found that it would not be in a position to finance its share of a station at Melville Island for the present.

In these circumstances, as Eberts said to Rogers this afternoon, it looks from here as though what the U.S. authorities have in mind—besides wanting the assistance of a Canadian icebreaker in the establishment of Alert this summer—is that the U.S.A.F. will carry out the resupply of Prince Patrick, Isachsen and Eureka this spring, as planned, although aircraft will not be available to handle the much larger tonnages required to establish Alert this spring.

The State Department's reference to a "commitment" with respect to Melville Island may possibly mean that, on some occasion since the recent annual meeting, the U.S.W.B. told the Meteorological Division in Toronto that it had found funds for the establishment of a station on Melville Island in 1949. For the present at least those concerned in the Department of Transport here have no knowledge of any

commitment with respect to Melville for 1949 and assume that the State Department's reference to "abandoning" the Melville project means only that they wish to postpone establishment of a station in the general area of Melville Island for the time being.

I understand that Rogers is endeavouring to find out whether our assumptions, as outlined in the two immediately preceding paragraphs, are accurate.

Yours sincerely,

G.G. CREAN

for Acting Under-Secretary of State
for External Affairs

886.

DEA/9061-A-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 7, 1949

Attached is a copy of teletype WA-569 of March 3 from Washington† suggesting the immediate change, if possible, of the name "Alert" which has been given to the site on the north coast of Ellesmere Island where equipment for a joint weather station was landed last summer and the establishment of the station is to be completed by icebreaker this year.

2. This name has been chosen by the Geographic Board—a body that has full power in the selection of place names—as a result of a recommendation from the Interdepartmental Meteorological Committee, agreed upon at that Committee's meeting in December.

3. The matter is a little involved. At the December meeting mentioned, the Transport representatives explained that they were suggesting the name "Alert" to the Met. Committee because it was that of the flagship of Admiral Sir George Nares, R.N., which, in 1875, penetrated to a point very near to the present site for the weather station. Incidentally, as there was considerable U.S. exploration of the northern part of Ellesmere after Nares' voyage, our claim to the area is based principally on his expedition in which he surveyed most of the north coast of Ellesmere on foot.

4. No ship had ever sailed as far north as HMS "Alert" until last summer when two U.S. icebreakers reached the weather station site which is 4–5 miles further north than the point reached by Nares' ship. Apparently the U.S. authorities suggested the name to Transport as a gesture as they knew that there had been some annoyance over suggestions from a Canadian member of the 1948 expedition that the station site and a nearby point be named after two U.S. leaders of the supply mission.

5. The External representatives at the December meeting of the Met. Committee made the point that is now raised by the Embassy. The Committee, however, did

not feel it was an important one since those particularly interested in the north would understand the historical significance of the name which would, in any case, be explained in a release to be given out this year when the station is put into operation. Also a release had been issued in the autumn that drew attention to HMS "Alert"'s voyage. In these circumstances and, especially, as it was suggested that it might be just as well, at a time when there are U.S. activities in the area, to choose a name that would serve to emphasize that Americans were not the first to explore northern Ellesmere, the criticism of the name was not pressed.

6. I agree that the name is far from ideal and we could probably arrange without too much difficulty for the Met. Committee to make a new recommendation to the Geographic Board. On the other hand, as the matter has now gone so far, there is some merit in the idea of having a name that will serve as a reminder to the U.S. Navy, and it is difficult to feel that the U.S.S.R. could seriously feel provoked, I would not see any strong objection to the name being retained provided the press release on next summer's sea supply mission explains the origin of the name in referring to the plans for completing the establishment of the new station.

7. I should appreciate your letting me know whether you share this view.⁸

E[SCOTT] R[EID]

887.

DEA/9061-G-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le ministre de la Défense nationale*

*Memorandum from Under-Secretary of State for External Affairs
to Minister of National Defence*

CONFIDENTIAL

[Ottawa], May 11, 1949

ANNUAL U.S. NAVY SEA SUPPLY MISSION TO THE JOINT ARCTIC WEATHER STATIONS

1. You will recall that in January 1947, Cabinet approved a programme of nine joint stations; that at the beginning of each year the Canadian and U.S. officials concerned have met in Ottawa to plan the details of the annual programmes, which always include a U.S. Navy summer Supply Mission; and that each spring my predecessor has reported to Cabinet Defence Committee on the plans for the year, submitting at the same time the State Department's request for authorization of the annual Sea Mission.

2. The 1949 programme, together with the proposals that have now been received from the State Department for the 1949 Supply Mission, are dealt with below. As the Supply Mission has become a normal feature of the annual programmes (pending availability of Canadian icebreakers) and as there may be some difficulty in calling a meeting of Cabinet Defence Committee at the present time, it occurs to me that you may be agreeable to approving this summer's Mission now and possibly reporting on the matter at a later date to Cabinet Defence Committee. This

⁸ Note marginale:/Marginal note:
I agree LB P[earson]

would, incidentally, be helpful as the State Department has asked us to let it have, before May 14, for planning purposes, the names and projects of the Canadians who will be accompanying the Mission. It might be awkward to do this without indicating that the Mission has been authorized.

3. Owing to U.S.A.F. commitments in Europe⁹ and recent damage to a U.S. icebreaker,¹⁰ the 1949 programme for the stations involves principally the consolidation of the stations already established at: Resolute Bay (Cornwallis Island), Eureka Sound (Ellesmere Island), Deer Bay (Ellef Ringnes Island), Mould Bay (Prince Patrick Island), and the laying down of further supplies at Alert (Northern Ellesmere Island) where it is hoped to establish a station in 1950.

4. This year's spring air lift to the stations that are inaccessible by water has already been completed by the U.S.A.F. I attach the details of the U.S. proposals for this summer's Supply Mission which are similar to, although of narrower scope than, those of previous years. While there will only be one icebreaker this year, the U.S. Navy has invited Canada to send seven representatives on the icebreaker and ten on the transport (and is expected to offer additional space), and there will be no accommodation problem as Ottawa only plans to send ten representatives—including two R.C.N. and three R.C.A.F. officers. In addition to transporting both countries' annual stock of supplies to the weather stations, the ships will carry some 2,300 tons for the R.C.A.F. and cosmic ray equipment for N.R.C. to Resolute Bay.

5. The U.S. Navy has, of course, undertaken to furnish copies of all data that it collects during the voyage and has assured us that it will take special pains to ensure that no publicity will be given to the Mission beyond what may be agreed upon by the two Governments. I should appreciate your letting me know whether, provided I find that Mr. Pearson is also agreeable on his return tomorrow, you are agreeable to our informing the State Department that the proposals for the Mission are approved subject to the understandings that I have outlined.¹¹

A.D.P. H[EENEY]

⁹ Le pont aérien à Berlin/The Berlin airlift.

¹⁰ Le vaisseau *Eastwind* avait été affecté par un feu plus tôt au cours de l'année.

The *Eastwind* had been damaged by fire earlier in the year.

¹¹ Note marginale:/Marginal note:

OK B[rooke] C[laxton]

SECTION B

BASES DE TERRE-NEUVE
NEWFOUNDLAND BASES

888.

L.S.L./Vol. 235

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre**Memorandum from Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], February 9, 1949

NEWFOUNDLAND BASES

I attach a memorandum concerning the United States Bases in Newfoundland for your guidance when you discuss this matter with President Truman on the occasion of your visit to Washington.¹²

It would, I feel, be desirable to stress in your discussions that in the view of the Canadian Government the defence of Newfoundland is vital to Canada and the United States and that Bases are required there to guard the North Atlantic sea and air approaches. The Canadian Services are not sufficiently large to man the required Bases in Newfoundland and at the same time to carry out other existing defence responsibilities; nor are present funds adequate for the maintenance and development of these defence projects. As these Bases are of strategic importance, it is highly desirable that United States Forces continue to maintain them for the present.

The Department of Justice has recently expressed the opinion that existing Newfoundland legislation implementing the Bases Agreement—which legislation, by the Terms of Union, will continue in effect until amended or repealed by competent authority—is sufficient to cover the situation after Union without any need for additional Canadian legislation.

As enabling legislation to maintain in force the terms of the Bases Agreement is unnecessary, it may be that there will be little discussion in the House, at least during the debate on Union. On the other hand, when it is realized that Term 18 of the Terms of Union not only provides for the continuance in force of domestic Newfoundland laws but also for the terms of the Bases Agreement, it is more than likely that discussion will take place in the House, particularly with respect to the more repugnant extraterritorial clauses. When Mr. Wrong recently informed the State Department that enabling legislation might be required, Mr. Hickerson expressed alarm at the possibility of detailed debate in the House. It would, I think, be safe to assume that President Truman too will be greatly exercised at the prospect of a detailed and possibly acrimonious discussion on the Bases Agreement in the House of Commons, and for this reason alone he might be impressed with the

¹² Voir le document 870 pour la discussion qui eut lieu à cette occasion.

See Document 870 for discussion on that occasion.

desirability of the United States waiving their extraterritorial rights under the Bases Agreement.

Mr. Wrong has suggested in his teletype WA 336 of February 9 (a copy of which is attached for your convenience)† that the following points might arise in your discussions in Washington:

(a) Possible readiness of the United States to evacuate Fort Pepperell and cancel the lease, in return for some concession by us;

(b) The method of continuing the negotiations from this point, such as at a conference for the review of the 1941 Agreement convened under Article 28; and

(c) The nature and extent of the privileges which we are prepared to accord to United States forces in the leased areas on the same basis as elsewhere in Canada.

With respect to (a), I feel we might be willing to consider any United States proposals to evacuate Fort Pepperell and cancel the lease. I do not feel, however, that this point is immediately relevant to the problem at hand which is to seek on political grounds, for a unilateral relinquishment by the United States of their present extraterritorial rights at the bases in Newfoundland. While it is true that a *quid pro quo* may have to be offered to the United States, I feel that any alternative solution should be advanced in detail by the United States.

With respect to (b), Article 28 of the Bases Agreement provides for modification of the Agreement in the light of experience after it has been in force for a reasonable length of time. Should this question arise, the President might be informed that we may be willing to negotiate a modification of the Agreement under Article 28 at some later date but that for political reasons *and because such negotiations would not resolve the problem for some length of time*, we consider it highly desirable that the United States agree to unilaterally relinquish their extraterritorial rights before a conference for the review of the 1941 Agreement was convened.

With respect to (c), we would be prepared to grant the United States forces in Newfoundland all the rights and privileges that they now enjoy there with the exception of those extraterritorial rights set out in the attached memorandum.

While I feel the United States Government would be most reluctant to agree to any reduction in the length of the terms of the Bases Agreement, you may consider it desirable to mention to the President that we may in the future wish to raise this point.

[L.B. PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET

[Ottawa], February 9, 1949

MEMORANDUM CONCERNING U.S. BASES IN NEWFOUNDLAND

The United States Government, by an agreement made in 1941 with the United Kingdom, obtained on a 99-year lease the following three bases in Newfoundland:

Fort Pepperrell—an army garrison base adjacent to St. John's, G.H.Q. for the northwestern Atlantic region;

Argentia—a naval and naval air base on the west side of the Avalon peninsula; and

Harmon (or Stephenville)—an air base on the west coast.

It would appear that although ultimate sovereignty over the base areas leased to the United States would pass to Canada, the union of Canada and Newfoundland would not *per se* under international law legally impair United States rights and privileges granted by the Bases Agreement of 1941. The terms of the Bases Agreement give to the United States, in addition to what might be described as normal military rights, certain extra-territorial or non-military rights which, if continued after union, might prove extremely embarrassing to both Governments and would prejudice present joint defence arrangements.

In accordance with a Cabinet decision of November 3, the Canadian Ambassador to the United States on November 19 presented a note to the State Department requesting urgent consideration of the Bases Agreement with respect to Newfoundland. The note stressed that while Canada had no desire to restrict the effective use by the United States of the leased areas for military purposes, it was felt that the broad extra-territorial rights presently exercised by the United States in Newfoundland would not be in harmony with existing United States defence rights in respect of joint United States-Canada defence projects in Canadian territory, and might well be objected to by the Canadian public. No formal reply to this note has been received from the State Department.

State Department representatives were informed orally by Mr. Wrong that in the opinion of the Canadian Government, when Newfoundland joins Canada, the United States should relinquish the following extra-territorial rights exercised by United States forces in Newfoundland, none of which are essential for the military operation of the Bases:

(a) the right of United States civil and criminal jurisdiction within the base areas over United States service personnel and United States nationals, and criminal jurisdiction over foreign nationals and British subjects (Article IV); except as provided for by the Canadian Act governing the discipline of United States forces in Canada;

(b) customs free privileges for goods consigned to service personnel and to employed nationals, and for goods consigned to United States institutions (e.g. the Post Exchange) for sale to service personnel or employed nationals and their dependents (Article XIV);

(c) the right to establish United States postal facilities in the base areas (Article XVI);

(d) the right to operate outside the base areas in the event of war or other emergency (troops and service personnel operating or established outside the base areas by agreement with the territorial authorities enjoy the same privileges as those in the base areas) (Article XIX);

(e) exemption from taxation (Article XVII) other than any such exemption now in effect in respect of the present defence cooperation projects in Canada.

Mr. Wrong stated that, in the opinion of the Canadian Government, the complete change in the political status of Newfoundland justifies a modification of the 1941 Agreement in order to bring it more closely into accord with the existing joint defence arrangements between the two countries in so far as this is compatible with Canadian recognition of the continuing rights of the United States to occupy the leased areas for defence purposes. He pointed out that the United States Government has at present no long term or automatic rights at any defence site in Canada, nor does it enjoy any extraterritorial rights except for purposes of discipline as defined by the Visiting Forces Act. Moreover, the Joint Statement issued by Prime Minister King and President Truman on February 12, 1947, which sets forth the principles that govern Canadian post-war defence relationships with the United States, calls for cooperative arrangements to be "without impairment of the control of either country over all activities in its territory."

While officials of the United States' State Department were in the main sympathetic, they felt that the Canadian request did not include the elements of a bargain which they could justify to the National Military Establishment, Congress, and the public. In this respect, it could be pointed out that a decision by the United States to give up some of its tangible rights in the leased areas, in return for the intangible benefits of harmonious mutual cooperation would not be out of line with United States foreign policy. The United States Government has already recognized under the European Recovery Programme and under the negotiations for the North Atlantic Pact that benefits which are less tangible are not always less important. It may be assumed that a decision by the United States to relinquish its present extraterritorial rights in Newfoundland would be a forceful demonstration to foreign countries in which military bases may in the future be sought by the United States of its desire to respect the sovereignty and independence of those countries. On the other hand, reference to special arrangements existing between Canada and the United States would enable the United States, if it so desired, to answer satisfactorily any requests from other countries for similar modification of the status of other areas leased to the United States at present or in the future.

It has been suggested by United States officials that an entirely new agreement, under which the more objectionable sections of the 1941 Agreement would presumably be eliminated, might be negotiated. Such a procedure, it is felt, would not solve the immediate problem. The United States would presumably request in return for a renunciation of extraterritorial and non-military rights under a new agreement some definite *quid pro quo* such as continuing defence rights at some other point in Canada. While the defence rights enjoyed by the United States in Newfoundland might be accepted in Canada as one of the obligations which we were obliged to assume as a result of Newfoundland's decision to join Canada, an agreement, informal or otherwise, to which Canada was a party and which gave to the United States permanent or continuing rights in Canada would probably be most unacceptable to the Canadian public.

It may be that both quasi-legal arguments based on the Joint Statement and the important political arguments will convince the United States Government of the expediency and, indeed, necessity of relinquishing its extraterritorial and non-military rights without securing some definite *quid pro quo* in return. There is evidence that the United States authorities desire to install additional facilities at Goose Bay and that, while the R.C.A.F. will be taking over the airfields at Mingan, Chimo (P.Q.) and Frobisher Bay (N.W.T.), the U.S.A.F. will still wish to make use of these fields and possibly put in additional facilities. While it might be undesirable to suggest that we would be unable to cooperate in supplying these particular additional facilities, it might be useful to point out that continued cooperation in projects of this kind might be seriously prejudiced if the United States is not prepared to relinquish their extraterritorial rights in the Newfoundland Bases.

889.

PCO/Vol. 73

*Note du secrétaire du Cabinet
pour le secrétaire du Comité de défense du Cabinet*

*Memorandum from Secretary to the Cabinet
to Secretary of Cabinet Defence Committee*

SECRET

Ottawa, February 15, 1949

RE: NEWFOUNDLAND BASES; REPRESENTATION TO U.S. STATE DEPARTMENT

In reporting yesterday to the Cabinet¹³ on his conversations with President Truman and the U.S. Secretary of State, the Prime Minister indicated that the President's attitude toward our desire to have some modifications made in the status of the U.S. bases in Newfoundland was most cooperative. Mr. Truman had indicated that while he anticipated resistance from the U.S. Services, he himself and the State Department were agreed that the U.S. government should do everything possible to meet our desires. Mr. Truman had requested a statement of what modifications the Canadian government would desire in the present situation.

Mr. St. Laurent said that this matter should be followed up first verbally with the U.S. Ambassador here, and then through the State Department channel. (Care will have to be taken not to get our lines crossed—the reason for bringing Steinhardt in is that he travelled back to Ottawa with the Prime Minister and was present in Washington for at least some of the discussions there.)

It was agreed yesterday that a memorandum of our *desiderata* should be prepared jointly by External Affairs and National Defence [for] consideration in the first instance by Mr. Pearson and Mr. Claxton (and possibly subsequent clearance with the Cabinet—this might not be necessary as the Cabinet's attitude is pretty well known.) I undertook to see that the two departments cooperated in the production of a draft for the two Ministers.

I would be grateful if you would set this work on foot at once. I think you will find that the material has already been brought together in an External Affairs

¹³ Voir/See: Document 871.

memorandum for the Prime Minister and in the various messages which have gone to Wrong in Washington.

A copy of this note is going to Escott Reid so that an officer of his department may be assigned to work with you and National Defence in the production of this document.

A.D.P. H[EENEY]

890.

DEA/17-D(s)

Message verbal¹⁴

Oral Message

SECRET

[Ottawa], March 19, 1949

In the opinion of the Canadian Government the prospective change in the status of Newfoundland justifies a modification of the 1941 Bases Agreement in respect of the Newfoundland Bases in order to bring that agreement into accord with the principles which, for many years, have governed the defence relations between Canada and the United States.

Thus the joint statement issued by the Prime Minister of Canada and the President of the United States on February 12, 1947, refers to the "underlying principle" that "*all cooperative arrangements will be without impairment of the control of either country over all activities in its territory,*" and the recommendation of November 20, 1946, of the Permanent Joint Board on Defence, which has been accepted by both governments, states that defence co-operation projects in either country should be agreed to by both governments, should confer no permanent rights or status upon either country, and should be without prejudice to the sovereignty of either country.

Therefore, when Newfoundland joins Canada, the Canadian Government desires that the United States should relinquish the following extra-territorial rights exercised by United States forces in Newfoundland, these rights not being essential for the military operation of the bases:

(a) the right of United States civil and criminal jurisdiction within the base areas over United States service personnel and United States nationals, and criminal jurisdiction over foreign nationals and British subjects (see Article IV), except as provided for by the Canadian Act governing the discipline of United States forces in Canada which was enacted at the request of the United States authorities;

(b) customs free privileges (other than those now allowed) for goods consigned to service personnel and to employed nationals, and for goods consigned to United States institutions (e.g., the Post Exchange) for sale to service personnel or employed nationals and their dependents (see Article XIV);

¹⁴ Ce message fut remis à l'ambassadeur des États-Unis par Claxton et Pearson le 17 mars 1949. La date inscrite sur le document est celle où il fut circulé à Ottawa.

This message was handed to the U.S. Ambassador by Claxton and Pearson on March 17, 1949. The date on the document refers to its circulation in Ottawa.

(c) the right to establish United States postal facilities in the base areas (see Article XVI);

(d) exemption from taxation (see Article XVII) other than any such exemption now in effect in respect of the present defence cooperation projects in Canada.

891.

DEA/17-D(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], July 13, 1949

UNITED STATES BASES IN NEWFOUNDLAND

I attach, for your information, a memorandum prepared by General McNaughton on the conversation which he had with Major-General Guy V. Henry, Acting Chairman, U.S. Section of the P.J.B.D., on Wednesday, June 22, 1949, during the course of the meeting of the P.J.B.D. in Edmonton.†

You will note from the attached memorandum that in the personal view of General Henry, the United States military authorities would be prepared to relinquish in peacetime most of their present rights to civil and criminal jurisdiction at the base areas. They would, however, demand a firm assurance from Canada that at the outbreak of war, the U.S. Services would have the same privileges as were given under the Visiting Forces Act. According to General Henry, the U.S. Services appear to be unwilling to relinquish their present customs privileges and exemptions from taxation on the grounds that the effect would be an increase in the cost of living of the U.S. personnel stationed in the base areas. General Henry seemed to feel that the problem of U.S. postal facilities in the base areas could be solved in some mutually satisfactory manner.

I am at present preparing, for submission on an informal basis to Mr. Steinhardt, a comprehensive memorandum outlining just what the modifications we have suggested would involve for the U.S. Services. The presentation of this memorandum has been delayed as it has been necessary to consult other Canadian Government Departments with respect to detail. I hope that shortly after this memorandum has been handed to Mr. Steinhardt, it will be possible to resume discussions with United States officials.

While I think it unlikely that the United States will grant in full all of the requests which we have made for a modification of the existing agreement, I think it would be desirable to continue to press our desiderata and leave it to United States authorities to suggest possible alternatives.¹⁵

A.D.P. H[EENEY]

¹⁵ Note marginale:/Marginal note:
I agree LB P[carson]

892.

DEA/17-D(s)

*Note du chef, direction du Commonwealth
au sous-secrétaire d'État aux Affaires extérieures*
*Memorandum from Head, Commonwealth Division
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], July 14, 1949

UNITED STATES BASES IN NEWFOUNDLAND

1. I wonder if we should not reconsider policy with respect to United States bases in Newfoundland before further negotiations on the Bases Agreement are undertaken—I understand that Mr. Claxton expects to discuss the matter with Mr. Johnson, the United States Secretary for Defence, in Washington early in August.

2. Heretofore we have undertaken the line that the Bases Agreement ought to be revised to bring United States rights into line with those enjoyed by the United States elsewhere in Canada. We are obviously on a poor “wicket” in this respect, since the United States rights in Newfoundland rest on a definite treaty, which can scarcely be held to have been modified by union except that Canada becomes a Principal in place of the United Kingdom. There has been no indication so far that the United States is prepared to make any substantial revision of the Bases Agreement or to forego any rights they consider worthwhile.

3. Mr. Wrong's opinion when the issue was first raised was that the United States was not entirely satisfied with the location of its present bases and especially with Fort Pepperrell, which is purely a garrison base and has no air facilities of its own and only minor naval wharfage facilities for the purpose of supply.

4. From our standpoint the location of Fort Pepperrell is particularly objectionable, since it is adjacent to the City of St. John's and since communications with other bases must be over Newfoundland territory—about 80 miles by road or rail and about 60 miles by air with Agentia, and about 300 miles by rail or about 225 miles by air with Harmon. Fort Pepperrell is the headquarters for the United States North-West Atlantic Command and as such entails the constant use of Torbay by United States military authorities. (Last summer U.S. landings at Torbay were reported as about 125 to 150 per month.)

5. Mr. Wrong thought that the United States might be prepared to give up Fort Pepperrell in exchange for something else, possibly assured rights of use to Goose, which their defence authorities are said to regard as the most important base in the north-west region of the continent. At present the United States forces use Goose merely on sufferance. The large area of Goose Air Base would permit of extensive United States facilities there without prejudice to our use of the base. The United States defence authorities are however likely to press for continuance of customs-free privileges at Goose which they now enjoy by reason of an exchange of correspondence with the Newfoundland authorities permitting such privileges until signature of a Peace Treaty with Germany, and by reason of the fact that we have not taken any steps since union to abrogate these privileges. Customs-free privileges

for United States forces at Goose undoubtedly raise a serious problem of morale with Canadian forces there who do not enjoy similar privileges.

6. I wonder therefore if we should not be prepared to consider extending assured rights to use of Goose to the United States in return for their withdrawal from Fort Pepperrell. It should not be difficult administratively to permit the United States privileges at Goose such as they enjoy in other Newfoundland bases and to extend these privileges to Canadian forces established at Goose, since Goose is isolated and does not serve substantially as a base of supply for any other settlements in Labrador. The upkeep of Fort Pepperrell would no doubt be substantially greater than expenditures which our armed services presently contemplate making in Newfoundland. At the same time, the facilities are so much better than they can expect to have in St. John's and the advantages in having the United States forces out of the area so considerable that the additional expenditure might be very worthwhile from a national standpoint. A further consideration is that it may in the long run be in the national interest to display the flag more in St. John's than we presently contemplate doing.

7. I am not sure that we should suggest to the United States that we are prepared to bargain along these lines. It might rather be preferable to clear our own minds as to whether we would be prepared to make a bargain of this sort if the United States authorities suggest that a *quid pro quo* is essential for any revision of the Bases Agreement.

8. If these suggestions seem worth pursuing it would no doubt be desirable to refer the matter for consideration to the Chiefs of Staff at an early date.¹⁶

[R.A. MACKAY]

893.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, July 20, 1949

NEWFOUNDLAND; U.S. BASES AND OTHER QUESTIONS

7. *The Minister of National Defence and Acting Secretary of State for External Affairs* reported upon his recent trip to Newfoundland which had included a visit to the U.S. bases there.¹⁷

The U.S. establishments were large and of elaborate construction. While they were substantial purchasers of Canadian goods and services, both for general purposes and for their PX stores, they were creating local labour problems by paying twice the prevailing rate with no provision for workmen's compensation and unem-

¹⁶ Cette note fut circulée parmi les membres du Comité des chefs d'état-major le 29 juillet 1949.

This memorandum was circulated to the Chiefs of Staff Committee on July 29, 1949.

¹⁷ On trouvera une copie du rapport entier de Claxton dans les papiers St-Laurent, volume 90.

A copy of Claxton's full report is in the St. Laurent Papers, Volume 90.

ployment insurance. Local Canadian authorities suspected that there was considerable smuggling from the bases, particularly of cigarettes. There was a good deal of dissatisfaction too among the local people that the United States were permitted to exercise the many non-military rights which they possessed by virtue of the bases agreement. This was regarded as an interference with sovereignty and was resented. Incidents might occur which would aggravate this situation.

(It would be recalled that the objective of the government was to secure U.S. agreement for surrender of all or part of their non-military rights and representations to this end had already been made to U.S. authorities. So far, these had not been fruitful and it was planned to take the matter up with Mr. Johnson, the U.S. Secretary of Defence, on his forthcoming visit to Canada in the hope that he would become personally interested in the problem.)

In general, the impression gained on the visit was that people throughout the province accepted confederation and were well satisfied with the smooth manner in which the administration of their affairs had been turned over. Some objections were heard about freight rates and quite serious complaints about the enforcement of customs regulations at Gander.

The Department of Transport seemed anxious to make use of Harmon Field at Stephenville as an alternate airport (as already arranged by agreement with the United States) but this was being resisted by National Revenue (Customs) because of staffing difficulties.

8. *The Minister of Trade and Commerce and Acting Prime Minister* said that, in his opinion, the status of U.S. bases in Newfoundland was a matter which the Prime Minister might have to take up direct with the President if results were to be expected.

On the question of customs procedure at Gander, there appeared to be cause for criticism. If customs formalities were to be carried out there, it would appear desirable to clear T.C.A. passengers for entry into Canada. At present, however, passengers destined for Canada were subjected to examination and restrictions at Gander but these did not obviate the need for further formalities on arrival at Montreal.

9. *The Cabinet*, after further discussion:

(a) noted the report of the Minister of National Defence and Acting Secretary of State for External Affairs and agreed that the question of status of U.S. bases in Newfoundland and of further representations to the United States for some modification of their non-military rights be reviewed at an early meeting; and,

(b) agreed that the question of customs procedures at Gander and of arrangements for using Harmon Field as an alternate airport be referred for further consideration to the Minister of National Revenue.

894.

DEA/17-D(s)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 1095

New York, October 16, 1949

TOP SECRET

Following for Heenev from McNaughton, Begins:

1. In further reference to my telephone conversation with you from Washington on the afternoon of Friday, 14th October 1949, in which I reported that Major-General Henry, Acting Chairman, United States Section PJBD, had approached me at Annapolis meeting informally to ascertain Canadian reaction to United States suggestion reference Newfoundland base question to PJBD. In reply I had said Canada would welcome reference earliest practical date and that we wished soonest decision and would be willing consider special meeting of Board for this purpose.

2. Following my conversation with you I spoke again to Henry and afterwards to Snow, Secretary, United States Section, confirming our desire earliest action possible and special meeting P.J.B.D. I advised Snow I would ask you to send confirming message to State Department through Wrong.

3. In speaking to Snow I intimated informally our great anxiety to clear questions in controversy, particularly question of jurisdiction in order to remove obstacles to effective and friendly collaboration in defence of North America and to prevent disputes between personnel of respective forces which jeopardized good relations.

4. I expressed my personal satisfaction that Board had available for its guidance the well thought out doctrine of the 12th February [1947] declaration which the Board itself had in large part evolved.

5. Neither Snow nor Henry made any direct reply to this suggestion from me as to the line the Board might usefully follow. Henry said that it was most important to clear the difficulties up promptly and Snow remarked that the United States Section would undoubtedly join the Canadian Section in an approach which would yield a just, repeat just, solution.

6. Henry has informed members United States Section and I have informed members Canadian Section of pending reference and to expect early meeting.

7. I have informed Wrong and repeated this message to him in confirmation. Copies are also being given to Pearson and Claxton in New York for information. Ends.

895.

CEW/Vol. 2149

*Le ministre de la Défense nationale
au secrétaire à la défense des États-Unis*

*Minister of National Defence
to Secretary of Defense of United States*

Ottawa, October 19, 1949

Dear Mr. Secretary,

When you were here in August, I supported representations previously made with regard to the extra-military right conferred under the lease of the Newfoundland bases.

This had been the subject of representation made at every level ever since union between Newfoundland and Canada had become an active possibility. It was a matter which our Government regarded as of most urgent importance, the speedy settlement of which was as much in the interest of the United States as of Canada. After all this, the question was raised last week in connection with the meeting of the Permanent Joint Board on Defence as to whether the Board should consider the matter at its next meeting.

When I brought this up last August I remember pointing out the danger of an incident arising which might stir up feeling on one or both sides of the Boundary so as to affect the existing excellent relations between the countries.

I am afraid that this has happened. Maclean's magazine is a fortnightly publication having a circulation of about 340,000, the largest in Canada. For more than a year past, its editors have intended to do a story on the situation on the bases. Over this period they collected a good deal of material and recently sent their Ottawa editor, Blair Fraser, to Washington and Newfoundland to follow up the story.

Fraser has dug up a lot of incidents which we had never heard of and has put these together in a story which he has shown to two other people as well as myself. None of us has copies. I was astonished at the incidents Fraser had gathered together. Fraser assured me that he verified all he says from sources both in Washington and Newfoundland. Nevertheless I at once raised with him a number of points on specific statements in the article which were likely to give rise to misunderstanding and also drew to his attention circumstances which in my view made it undesirable that the story should be published.

These views were communicated to his principals and yesterday Fraser told me that most of the specific points would be met but it was intended to print the story in the issue of November 15.

We regret that this should have happened but of course have no authority to get the story suppressed.

Naturally I am reluctant to bother you with this when there are so many matters of great importance occupying your attention. However, as we had discussed the

situation and your reaction had been so similar to my own, I felt that I should let you know what the position was.

BROOKE CLAXTON

896.

DEA/17-D(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2610

Ottawa, October 25, 1949

TOP SECRET

Following from Heeney, Begins: Newfoundland Bases.

1. Following our telephone conversation yesterday I discussed the situation with the Minister. He feels very strongly that we should not delay reopening the question personally with Mr. Acheson along the lines of my telegram No. 15 of October 21 from New York† and he wishes you to do so just as soon as possible.

2. Mr. Pearson expects to make his statement on foreign affairs in the House shortly. This will probably be done on introduction of the Departmental estimates. Even under ordinary circumstances we could anticipate that the Minister might be questioned regarding the progress of negotiations over the bases, especially since the Prime Minister intimated at the time of Union that the question had been raised with the United States and we had reason to expect that some modifications would be possible. The probability of questions in the House will be enhanced if, as is quite likely, Blair Fraser's article appears in Maclean's at about the time that our estimates are before Parliament. This article may well stir up public interest and criticism and, in any case, is not likely to pass unnoticed by Members of Parliament. It would certainly be prejudicial to good relations with the United States if the Government had to confess to the House that no progress whatever had been made in negotiations despite the fact that the matter was first raised with the U.S. authorities a year ago. In general, the impression is growing that we have been given the well-known "run-around" over the whole matter. Public opinion is not likely to be satisfied merely by assurances that the U.S. authorities have given us a sympathetic hearing.

3. With reference to Snow's suggestion that we ourselves are in default and that the State Department are awaiting answers to enquiries for "positive" details of the regime we desire, we have made a careful check of our files. We find that a long memorandum setting out our desiderata in detail was given Harrington¹⁸ by Crean under cover of a letter on July 21. It does not seem to me that much weight can be attached to the suggestion that we have been purely negative.

¹⁸ Julian Harrington, ministre, ambassade des États-Unis/Minister, Embassy of United States.

4. In any event, this criticism cannot apply to the principal question, namely that of jurisdiction. In the immediate future it is this that is likely to prove the most embarrassing feature of the Bases Agreement. We have repeatedly told the U.S. authorities, both at the official and Cabinet level, that we desire in principle the application of the Visiting Forces (U.S.) Act to United States forces in Newfoundland. The State Department and the Pentagon should know or be able to find out quite readily precisely what that implies.

5. It may be observed that Article 3 of the Bases Agreement, which deals with jurisdiction, is not mandatory in the sense that the United States *must* exercise jurisdiction over the types of offences there listed. The Article simply states that the United States "shall have the absolute right in the first instance to assume and exercise jurisdiction with respect to such offence." There would appear to be nothing in the Article to preclude the United States from waiving jurisdiction in any particular case, or undertaking in advance to waive jurisdiction generally in any particular types of offences or under specific conditions. In short, we feel that the United States could take the necessary action by administrative measures to bring the application of the clauses of the Bases Agreement relating to jurisdiction generally into line with the Visiting Forces Act. We feel further that this could be done by exchange of correspondence without any change in the letter of the Agreement. Agreement in principle to take actions along these lines, leaving the details to be discussed later, would at least be an important step forward.

6. It is for the above reasons that the Minister wishes you to take the matter up with Mr. Acheson immediately, stressing again the importance which the Government attaches to maintaining amicable relations with the United States in the matter of defence relations, and pointing out the danger to good relations which may result from further delay in dealing with the Bases Agreement. In discussing the matter with him you should make it clear that if we are stressing at the moment the matter of jurisdiction, it is because this question is especially urgent and not because we are dropping other points in our desiderata.

7. It is my intention to see Steinhardt within the next few days and speak to him also along the lines indicated in this message. The fact that I am doing so, however, should not delay your approach to the Secretary of State. Ends.

897.

PCO/Vol. 73

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2990

Washington, October 27, 1949

SECRET

Following for Heenev from Wrong, Begins: Newfoundland bases. My WA-2971 of October 26th.†

1. I have had this morning a short talk with the Secretary of State and another talk with Rusk at his request. Rusk had already spoken to Acheson about my representations of yesterday. Steinhardt has also reported your discussion with him, and Rusk spent a good deal of time yesterday afternoon in going into the problem more fully with Snow and others.

2. In speaking to Acheson I touched on the high spots only, but made clear the urgency of making early progress and our dissatisfaction with the way the matter was being handled. I emphasized that it would certainly not meet our position if we were confronted as a proposed solution on jurisdiction over offenses with a revision of Article 3 identical with that which they are working out with the British for application in the West Indian bases. I said that in my judgement the Newfoundland issue should be handled separately and that we believed that a satisfactory arrangement could be reached, on this point at any rate, through an exchange of notes, which would make the application of Article 3 in the Newfoundland bases conform very closely to the Visiting Forces Act.

3. I also reminded Acheson that, when the Prime Minister had taken up the matter with the President last February, in his and my presence, the President had observed that, while he expected difficulties from the national military establishment, he and Acheson ought to be able to cope with these so as to give us at any rate some satisfaction. (See my memorandum of this conversation dated February 12th).¹⁹ I added that I thought the time had come when it would be desirable for him to intervene in accordance with this statement. Jessup was present during this conversation. Acheson expressed concern and indicated that he would take a personal interest in the matter.

4. I saw Rusk immediately afterwards. He remarked that an examination of the record satisfied him that the State Department had been remiss in not giving us some written statement in reply to our representations, and he implied that an interim answer might be forthcoming. He also said that the question had recently been handled at too low a level and that this had increased the difficulties in securing the concurrence of the armed services. (This has been due, I think, to the removal of Hickerson to other activities, since his transfer left Snow as the senior officer actively pursuing the matter.) Rusk added that he proposed from now on to keep consideration on a high level, and said that he was himself going to take the matter up with the "top people in the Pentagon".

5. He went on to comment on the real nature of the difficulties which they are encountering here. For one thing the services were being asked to relinquish privileges in the bases which they thought they had secured for ninety-nine years in return for value received. (I queried the value received, and found that what he had in mind was not so much the old destroyers as the fact that the deal in 1941 deliberately brought the United States a great deal closer to active belligerence.) He also dwelt on the complications caused by their other negotiations for base rights and their anxiety to avoid establishing a precedent which might make it hard for them

¹⁹ Document 870.

to secure the position they really needed in bases "in much less civilized countries". He believed that it would take some time to reach a settlement.

6. I then read him most of your message EX-2610 of October 25th, which had reached me after I had seen him yesterday, placing particular emphasis on the proposals in paragraphs 4 and 5 on jurisdiction. I pointed out that, if our wishes were met by administrative action and without amendment of the 1941 Agreement, the dangers of an awkward precedent which might be used against them in other connections would be much diminished.

7. I emphasized the importance of preliminary negotiations before the matter came before the P.J.B.D., saying that the role of the Board perhaps ought only to be to recommend to the Governments the approval of arrangements already known to be acceptable as a result of earlier discussions. He asked me how I thought we should proceed and suggested that Perkins, who is conducting the negotiations for the bilateral agreements with North Atlantic countries might deal with me on the issue. I said that I should certainly require expert legal assistance, particularly with the problems of jurisdiction. I should be glad to hear your views on this fairly promptly. By negotiating with Perkins we could possibly stop the discussions from becoming lost in the Pentagon mazes. On the other hand hosting a meeting at which some experts from both sides could be brought together to discuss the problems as a whole presents certain advantages, provided that the United States leadership is authoritative. This might possibly bring speedier results. Ends.

898.

DEA/17-D(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2656

Ottawa, November 1, 1949

TOP SECRET

Newfoundland Bases. Following from Heeney.

Steinhardt and Harrington saw me again yesterday regarding the Newfoundland Bases. Harrington, who is just back from a meeting in Washington with U.S. members of the P.J.B.D. and interested officers in the State Department, reports that they are now really concerned about the question and are putting pressure on the Pentagon for early action on our requests. He referred to the proposals regarding jurisdiction in the West Indies Bases made to the United Kingdom. He said that the Joint Chiefs of Staff were being asked this week to approve extension of the same arrangements to the Newfoundland Bases; we might expect their decision shortly on this suggestion and probably an informal meeting of the P.J.B.D. to discuss the question would then be proposed. I saw no point not admitting that we had seen them even though you had got them confidentially from the U.K. Embassy. In any event he said copies were coming up by bag for him and he would let us have a copy shortly.

2. I said that my impression was that the proposals made to the United Kingdom would not meet our requirements and did not go as far as the Visiting Forces (United States) Act which in principle represented the regime which we wanted to apply to the Newfoundland Bases. I said, however, that we were having these proposals examined by our Legal Division and I expected that we could give them our comments on them in two or three days; if, as I suspected, these proposals would not meet our minimum desiderata, they should know at once and why; they should as soon as possible have some idea whether the proposals they had in mind would provide an acceptable basis for negotiation.

3. I said further that I thought that it would be important that adequate legal and political officers should participate with members of the P.J.B.D. in preliminary discussions.

4. We emphasized the importance of our being able to show some progress before the debate on external affairs, which is now set to begin about the 15th on introduction of our estimates; questions on this subject would almost certainly arise in the House at that time.

5. We will let you have the comments of our lawyers as soon as they are received. Meantime you need not approach the State Department further. The formal position is that we are awaiting their proposals following the representations you made in Washington and those made to the U.S. Embassy here.

899.

CEW/Vol. 2149

*Le secrétaire d'État des États-Unis
pour le secrétaire d'État aux Affaires extérieures
Secretary of State of United States
to Secretary of State for External Affairs*

[Washington], November 3, 1949

Dear Mike [Pearson]:

In our conversation of September 9, 1949 we discussed the desire of the Canadian Government that the United States agree to modifications in the application of certain provisions of the 1941 Leased Bases Agreement as applied to Newfoundland. Hume Wrong has also called at the Department within the last few days and has taken the matter up with both Dean Rusk and me.

Since the Canadian proposals were made known to us in general terms last November and later discussed by the Prime Minister with the President in February of 1949, they have been the subject of considerable study here, as well as of conversations between officials of our two Governments both in Ottawa and Washington. The base rights involved, however, are complex in nature and have a bearing on similar arrangements we are concerned with elsewhere. Consequently, the search for an acceptable formula for their modification has not proven to be an easy task.

My suggestion to you in September was that the question be referred to the Permanent Joint Board on Defense. The United States members of this Board are prob-

ably more familiar with the Canadian-United States defense relationship than any other officials of equivalent rank and the Board, as a whole, is a going concern, organized to deal with such problems and with a past record of accomplishment in so doing.

Upon receiving word on October 12, 1949, through General McNaughton, that the Canadian Government had agreed to have the Joint Board deal with this problem, the United States Acting Chairman called a meeting of the United States Section for October 28th, which was the earliest date on which he could be in Washington. That meeting has now been held and the United States Section of the Board expects to be prepared for a special meeting of the full Board within a short time. I feel confident that the Board will be able to work out a solution satisfactory to both countries.

With warm regards.

Sincerely yours,
[DEAN ACHESON]

900.

DEA/703-G-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], December 23, 1949

PJBD MEETING ON NEWFOUNDLAND BASES²⁰

The oral message to the United States Ambassador of March 19, 1949, urged that the United States bases in Newfoundland should be brought as near as possible into line with the general underlying principle of the joint statement of the Prime Minister and President of February 12, 1941, that all co-operative arrangements should be "without impairment of the control of either country over all activities in its territory." More specifically, the message requested that the United States should relinquish:

- (a) Jurisdictional rights except as provided by the Visiting Forces (U.S.) Act;
- (b) customs-free privileges other than those allowed U.S. personnel elsewhere in Canada;
- (c) the right to establish U.S. postal facilities;
- (d) exemption from taxation other than that applicable in the case of other joint defence projects.

²⁰ La Commission permanente canado-américaine de défense s'est réunie à Terre-Neuve du 3 au 8 janvier 1950.

The Permanent Joint Board on Defence met in Newfoundland on January 3-8, 1950.

We have received no statement from the U.S. as to replies it will make to these requests, but it would seem unlikely that they will agree to relinquish in full all rights as requested. It is therefore suggested that:

(a) To the extent that the U.S. is not prepared to meet the Canadian Government's request in full, the Board should take the line that the discussions at the forthcoming meeting are exploratory and not binding on either party, and that any proposals made by either side should be reported back to the two Governments.

(b) The Canadian Section of the Board should be authorized to discuss with their U.S. colleagues whatever counter-proposals they may bring forward, but the Canadian Section should be given for their confidential information some indication as to the policy which might find acceptance with the Government should the U.S. Section be unwilling to go the full distance requested in the oral message. In this respect the following suggestions are made after consultation with the departments concerned:

1. *Jurisdiction*

(i) It should be recognized that the position of the U.S. services in Newfoundland is somewhat different from that in the rest of Canada in that they are located on bases to which the U.S. has long-term leases, over which it has administrative control, and on which a substantial number of dependents of the armed forces reside.

(ii) In view of the above, the U.S. might be permitted to retain prior right of jurisdiction over U.S. service personnel whether on (or off) the base areas when only service personnel are involved, i.e., if no other resident of Canada is aggrieved.

(iii) The U.S. should agree not to exercise jurisdiction over Canadian citizens or U.S. citizens (other than U.S. service personnel)—The U.S. agreed to this by correspondence with the Newfoundland Government in 1941, but the agreement might be re-affirmed in correspondence between the Canadian and U.S. Governments.

(iv) In order to take care of U.S. security problems (presumably the reason for including rights of jurisdiction over British subjects), Canada might agree to enact the necessary legislation, enforceable in Canadian courts, to protect the special security interests of the U.S. in Canada. This legislation might in effect extend *The Official Secrets Act* to cover U.S. official secrets, and might give protection for United States Government property situated in Canada on the same terms as that given to Canadian Government property.

(v) Suitable arrangements for the surrender of prisoners, the right to lay complaints, and so forth, might also be negotiated.

2. *Customs Exemption*

To a considerable extent the customs exemptions provided in Article 4 of the Bases Agreement already extend to U.S. projects and personnel elsewhere in Canada, although this is largely provided by Order in Council under the Consolidated Audit and Revenue Act. The main extra provisions enjoyed in Newfoundland are:

(a) customs-free entry for PX's, service clubs, etc.

(b) customs-free privileges for dependents of service personnel, and employed U.S. civilians (of which there now appear to be none on the U.S. bases).

In general, it is suggested that the Canadian Section might put forth as general principles:

(a) That it is undesirable for U.S. troops in Newfoundland to be on a specially privileged basis as compared with either Canadian troops or U.S. troops elsewhere in Canada.

(b) That U.S. troops should not be entitled to more privileges with respect to liquor and tobacco on the Newfoundland bases than on bases in the U.S. (in the U.S. they pay ordinary taxes on both).

Formerly the PX's handled very largely supplies purchased in the U.S., but it is understood that since Union (and probably since the devaluation of the Canadian dollar) there has been an increasing tendency to purchase in Canada. There would appear to be no objection to the PX's as such; the objection is to the resale of duty-free goods. It is thought that the U.S. will resist giving up these privileges. It is suggested, however, that the situation might be largely met in substance if the PX's and service clubs would agree to a policy of purchasing supplies in Canada, paying the duties and taxes ordinarily paid by commercial dealers or private persons. If the U.S. authorities are unwilling to go this far we might retreat to requiring strict administrative provisions to prevent abuses, and in particular to requiring that no non-entitled persons be permitted to purchase in duty-free PX's.

Resistance may of course be anticipated in the case of cigarettes and liquor. Special arrangements, such as rationing, might be possible.

3. *Income Taxes*

After a careful review of the existing situation elsewhere in Canada and of the draft revised Double Taxation Convention between Canada and the U.S., it appears that the only income tax exemption privileges enjoyed by the U.S. on the Newfoundland bases that are not enjoyed by the U.S. elsewhere in Canada are:

(a) Profits of U.S. contractors on U.S. bases;

(b) employees (of such contractors) who are U.S. citizens, and their wives and minor children.

At present there appear to be no U.S. contractors' employees who are U.S. citizens in the base areas; nor does it appear that at any time the number in this category has been large.

With respect to contractors resident in the U.S. but operating in the base areas on behalf of the U.S. Government, it is possible that the U.S. authorities might be unwilling to give Canadian tax authorities the necessary information for estimating taxes. In any case, taxation officials think that the loss of revenue involved is not great. They would be prepared to suggest incorporating in the Draft Tax Convention exemption on a reciprocal basis of the categories above (U.S. contractors' profits, their U.S. citizen employees and wives and minor children of the latter).

The U.S. might also be requested to provide Canadian income tax authorities with statements of salaries or wages paid Canadian employees on the bases, and require contractors to do likewise. It would, of course, be preferable if income tax

deductions at the source would be followed by the U.S., but there may be administrative difficulties in the way.

It might be suggested to the U.S. authorities that if the draft Tax Convention now before the two Governments is amended in this way and subsequently adopted, our request in the oral message with respect to income taxes will be entirely met.

4. *Post Office*

It is anticipated that the U.S. authorities will oppose any change in the present arrangements if it would interfere with the speedy transmission of mails now possible because of the direct carriage of mails by service aircraft between the U.S. bases and bases in the U.S. It would therefore seem undesirable for the Canadian Section to press for the establishment of Canadian postal facilities on the base unless the U.S. authorities can be assured of services as good as those at present available.

The Postal authorities therefore propose:

(a) That Canadian Post Offices be substituted for U.S. Post Offices on the bases, but that an arrangement might be entered into for the continued carriage of mail to and from the bases by U.S. service aircraft; and

(b) that for official mail to and from U.S. Government departments U.S. "penalty envelopes" be permitted (as at present in the case of U.S. posts elsewhere in Canada).

Copies of relevant departmental papers are attached.†

A.D.P. H[EENEY]

3^e PARTIE/PART 3
 AUTRES SUJETS DE DÉFENSE
 OTHER DEFENCE ISSUES

SECTION A

VISITE DU SECRÉTAIRE À LA DÉFENSE DES ÉTATS-UNIS²¹
 VISIT OF UNITED STATES SECRETARY OF DEFENSE

901.

B.C./Vol. 97

*Note du secrétaire militaire au Comité de défense du Cabinet
 au ministre de la Défense nationale*

*Memorandum from Military Secretary to Cabinet Defence Committee
 to Minister of National Defence*

SECRET

[Ottawa], August 5, 1949

BRIEF SUMMARY OF A THREAT TO THE NORTH AMERICAN CONTINENT²²

1. It is considered that the Soviet Union and satellites are the only combination of powers which constitute a threat to the security of this continent at the present time. It is assumed that there will be no significant change in the economic or political systems of the Soviets which would tend to minimize this threat. It is further considered that there will be no expansion of Soviet controlled territory in the immediate future that will materially affect the Soviet capabilities for making war.

2. On the basis of current intelligence it would appear that Soviet aggression, if it occurs, will be planned well in advance of the event. We do not regard war as inevitable but there is still a possibility of an outbreak occurring through a combination of incidents. While the ultimate object of Soviet military strategy would include the defeat of Canada and the United States, it is a reasonable assumption that the Soviet Union would first attempt to consolidate its position in Eurasia and then establish advance bases which could be used for air strikes against the North American continent prior to any attempted invasion. Of immediate concern would be inevitable attempts by subversive organizations to disrupt the economy and war

²¹ Ce document ainsi que les 902-906 furent préparés pour la visite du secrétaire à la défense des États-Unis.

Documents 901-906 were prepared for the visit of the United States Secretary of Defense.

²² D'après l'auteur, le «main purpose of this brief is to indicate the type of attack which the Canadian intelligence authorities consider Canada might expect». Ce sommaire reflétait un consensus de la part des organismes conjoints du renseignement au Canada et aux États-Unis, quant à la forme et l'envergure de l'attaque, mais les chefs d'état-major de l'un et l'autre pays n'avaient pas donné leur aval à cette évaluation lorsque l'exposé fut préparé.

According to the author, the "main purpose of this brief is to indicate the type of attack which the Canadian intelligence authorities consider Canada might expect." This summary reflected agreement by the joint intelligence organizations in Canada and the United States on the form and scale of attack, but neither country's Chiefs of Staff had approved this assessment when the brief was prepared.

potential of this country, and of the United States, with the object of reducing available manpower and retarding the flow of necessary supplies.

3. It is considered that any war developing in the immediate future would be fought with improved designs of weapons used in the Second World War, and such novel weapons as may have passed through the initial experimental stages at the time of attack, or subsequent to it.

4. We have taken into account the possibilities of sabotage, subversion, infiltration and penetration of the armed forces, government, and our economic life as the obvious instruments by which the potential enemy would seek to harass us in the early stages of conflict. In brief, any war started by the Soviet Union would have the consolidation of the Soviet position in Eurasia as its initial object and any attacks against this continent, in the early stages at least, would be diversionary in character.

J.D.B. SMITH

902.

DEA/7-DA(s)

*Note du secrétaire militaire au Comité de défense du Cabinet
au Comité de défense du Cabinet*

*Memorandum from Military Secretary to Cabinet Defence Committee
to Cabinet Defence Committee*

CONFIDENTIAL

[Ottawa], August 5, 1949

CANADA-UNITED STATES INDUSTRIAL COOPERATION

1. It is well known that Canada is a vital source of supply of raw materials—nickel, copper, asbestos, lead, zinc, aluminum, uranium and others. So much so that Canada's wartime role is sometimes thought of as merely that of feeding raw materials into the hopper of the United States industrial machine.

2. The fact is that in the last war Canada was in her own right an important arsenal, the fourth greatest producer of munitions among the United Nations.

3. Relative to United States production, our effort looked small, but in absolute terms it was of the highest importance. We produced close to a million vehicles—and even a world war can be lost for want of a million vehicles or won because of them; about 16 million tires; over 16,000 airframes; about 4,500 vessels and craft; over 2 million tons of chemicals and explosives; over 4½ billion rounds of small arms ammunition; over 1,800,000 machine guns and small arms; and instruments, signals, radar, ammunition, guns, pyrotechnics and military stores; to a value of about \$11 billion.

4. Yet against this tremendous capacity the needs of our own Services are insignificant. In the last war, we used only 30 per cent of our munitions production for ourselves. The balance of 70 per cent went to meet the needs largely of the United States and the United Kingdom and to a much lesser extent of other Allies. In some of the main lines of production, our Services took only 5 to 10 per cent.

5. This characteristic—a great capacity and a small requirement—makes it impossible for us to be self-contained in our planning. We cannot base our planning, as most countries do, on the requirements of the Services, because our Services need so little in most lines in relation to our capacity that we would not be justified in setting up production.

6. For this reason, we attach the highest importance to close collaboration now particularly with the United States. If good use is to be made of our resources, it is essential that the United States authorities plan with a full knowledge of our capabilities and with a determination to make the most effective use of the joint resources of the two countries.

7. The stage is set. We both adhere to the general principles of the Hyde Park Agreement of April 19, 1941, which reads "...in mobilizing the resources of this continent, each country should provide the other with the defence articles which it is best able to produce, and above all, produce quickly, and that production programs should be coordinated to this end."

8. We have a fine history of sensible and effective cooperation in the last war. We are cooperating actively on the Permanent Joint Board on Defence. We have created the necessary machinery for industrial collaboration in the Joint United States-Canada Industrial Mobilization Planning Committee. It has met and established sub-committees in the fields of non-ferrous metals, chemicals and explosives, forest products, mechanical transport and administrative controls.

9. On our side in Canada we are ready to get down to cases. We have our internal planning well in hand; that is, the paper work of drafting "shadow" departments and emergency legislation.

10. We have undertaken some stockpiling of tin and antimony and are giving consideration to other materials. However, here too we run up against the planning difficulty caused by the smallness of our own requirements. We haven't much of a stockpile problem if we think only of what we may need for ourselves. It is obviously difficult to stockpile for the unknown needs of others.

11. We have the closest cooperation with industry, both through the Industrial Defence Board, an advisory body consisting of government officials and industrialists; and through the Canadian Industrial Preparedness Association, an autonomous association established by industry.

12. The general principles are there and the machinery is there, but it will take a great deal of determination on the part of those in both countries who are interested in planning for defence to give effect to the principles and to make the machinery work. We saw the last time that we lost anything from six months' to two years' production in Canada by reason of the lack of knowledge of requirements, the lack of advance technical information and the lack of production experience. We all agree that the entire resources of North America will be needed next time, and it seems likely that we will not be able to afford the loss of six months' to two years' production. The time to avoid that loss is now.

J.D.B. SMITH

903.

DEA/1268-X-40

Note au ministre de la Défense nationale
Memorandum to Minister of National Defence

CONFIDENTIAL

Ottawa, August 4, 1949

POWER AND NAVIGATION DEVELOPMENTS IN THE GREAT LAKES-ST. LAWRENCE
BASIN²³

1. The All Canadian Waterway Project

Because of the delay in arriving at an arrangement on the power and navigation developments in the Great Lakes-St. Lawrence Basin, the Inter-Departmental Committee has given consideration to an all Canadian waterway project. Although no decision has yet been taken by the Canadian authorities, an outline of this project is submitted to you for your personal information.

The completion of a separate power scheme would make it possible for Canada to construct an all Canadian deep waterway as far as Lake Erie. This would require the approval, in the case of certain works, of the International Joint Commission, but would not involve any treaty or agreement requiring the approval of the United States Congress. Apart from assured early construction, the all Canadian waterway would be of advantage to Canada in the field of tolls. It is now almost certain that Congress will approve a joint waterway only if Canada agrees to make the new works self-liquidating by the imposition of tolls on shipping. Canadian economic experts believe that tolls will be so high that the economic value of the waterway to Canada would be largely nullified. The completion of an all Canadian waterway, however, would give Canada exclusive discretion as to whether tolls should or should not be collected.

The major question, at the moment, is whether the strategic and economic value of a deep waterway to Canada for the special advantages of an all Canadian waterway, would justify an initial expenditure of 275 million dollars, as compared with 65 million dollars under the 1941 Agreement or 130 million dollars under a future navigation-alone agreement with the U.S., if separate power development had been allowed to proceed.

The U.S. authorities are not yet informed of this all Canadian project, and what will be their reaction is still an unknown factor.

2. Advantages of the Navigation Project

Canada's economic life would benefit enormously by the provision of a deep waterway from Montreal to the Head of the Lakes. Canada has been committed to this in principle since the construction of the Welland Canal, but it has been impossible up to now to obtain United States concurrence.

From the standpoint of defence, the project means a short protected route from the heart of the Continent to overseas ports, greater industrial developments in the

²³ Cette note fut préparée en vue de renseigner le ministre, et non pour être circulée.

This memorandum was prepared for the Minister's information, not for circulation.

less vulnerable inland areas, greater dispersal facilities vital to the industrial defence potential and enlarged facilities for the construction of naval and merchant shipping. In this connection, the Permanent Joint Board on Defence has on more than one occasion recommended the early completion of the waterway and power project.

A new and important factor in current consideration of the St. Lawrence project is the discovery of very larger reserves of high grade iron ore in the Quebec-Labrador region. It is claimed that the most economic route for this ore would be via a deepened waterway to Cleveland and other Great Lakes ports.

904.

DEA/7-DA(s)

*Note du secrétaire militaire au Comité de défense du Cabinet
au Comité de défense du Cabinet*

*Memorandum from Military Secretary to Cabinet Defence Committee
to Cabinet Defence Committee*

CONFIDENTIAL

[Ottawa], August 5, 1949

POWER AND NAVIGATION DEVELOPMENTS IN THE GREAT LAKES-ST. LAWRENCE
BASIN

1. A number of proposals have already been under consideration by United States and Canadian authorities, which would provide for large power and navigation developments in the Great Lakes-St. Lawrence Basin. Some provide for the development of power alone, others for joint and concurrent developments of navigation and power facilities.

The 1941 Agreement

2. In a letter of May 27, 1949, addressed to the President of the United States, the Prime Minister of Canada expressed his fear that the Great Lakes-St. Lawrence Basin Agreement of 1941 would not come into force this year. Although Mr. Truman has urged Congress to pass the necessary legislation as promptly as possible (his reply of June 8, 1949, to Mr. St. Laurent), and Bills have been introduced in both the Senate and the House of Representatives at their present Sessions, little hope remains that the joint United States-Canadian navigation and Power project embodied in the 1941 Canada-United States Agreement will be approved this year.

3. The 1941 Agreement provided:

(a) For the construction of the remaining links of a 27-foot waterway from the head of the Great Lakes to Montreal;

(b) for a combined *power-navigation scheme* in the International Rapids Section;

(c) for stabilizing the situation regarding diversions of water from the Great Lakes-St. Lawrence system;

(d) for the use for power purposes of waters which may be diverted into the Great Lakes system from other watersheds.

The New York-Ontario Power Priority Plan

4. Because of the delay in obtaining Congressional approval for the 1941 Agreement, an alternative scheme was put forward in 1948 by the Ontario Hydro Electric Commission and the New York State Power Authority. It involves obtaining approval for *power developments* in the International Rapids Section from the International Joint Commission, under Article III of the Boundary Waters Treaty. Applications are in the hands of the United States and Canadian Governments but have not yet been transmitted to the Commission. Under this plan, it is expected that the United States Congress approval would not be necessary. However, Mr. Truman has always refused to consider this scheme and has preferred the approval by Congress of the combined navigation and power project.

5. If Congress does not act in 1949 on the 1941 Agreement, Canada may be inclined to favour the separate power arrangement. The reasons are obvious. Ontario's need for new power is acute. Unless the 1941 Agreement is authorized, the Ontario Hydro Commission will have to take action in initiating large scale steam developments in order not to risk acute power shortages by 1953-54. It has indicated that its present construction programme will provide adequate supplies of power only until the end of 1952. After that date, large new sources of energy would have to be available. As power resources available to Ontario are, unlike those of the Province of Quebec, in boundary waters, they can only be developed by agreement or in co-operation with the United States. This separate power development, as outlined in the New York-Ontario Power Priority Plan, would probably be more expensive for the Hydro than power development under the combined scheme.

New Niagara Treaty

6. Ontario might be prepared to accept a brief delay in the acceptance of the 1941 Agreement if the projected Niagara development could be authorized immediately. Power development at Niagara depends on diversions of water on both sides of the boundary, authorized by the Boundary Waters Treaty of 1909, and additional temporary emergency diversions authorized by Exchanges of Notes during and since the war. The Ontario Hydro would like the temporary diversions made permanent and equalized between Canada and the United States by the cancellation of certain power export contracts which were taken into account by the Boundary Waters Treaty.

7. The difficulties in achieving an arrangement of this sort are the need to satisfy private power interests on the United States side and the necessity of reconciling the strongly opposed views of State and Federal Power authorities.

J.D.B. SMITH

905.

DEA/7-DA(s)

*Note du secrétaire militaire au Comité de défense du Cabinet
au Comité de défense du Cabinet*

*Memorandum from Military Secretary to Cabinet Defence Committee
to Cabinet Defence Committee*

SECRET

[Ottawa], August 9, 1949

CANADA-UNITED STATES JOINT DEFENCE PROJECTS

1. The following is a summary showing the present position of the various joint defence projects in Canadian territory—both those in operation and those planned.

I. Canadian Army

2.(a) Exchange of Officers

The original arrangements provided for an equal number of officers from each army to be on interchange with the other army. The interchanges are not, however, between "opposite numbers" in all cases. Each country determines the establishments in the other country at which it desires to place officers. The actual posting is, of course, subject to the approval of the receiving country.

Originally fourteen Canadian Army officers and fourteen U.S. Army officers were interchanged. The plan has since been expanded until at the present time there are twenty-one Canadian officers posted to the U.S. Army and nineteen U.S. officers posted to the Canadian Army.

The Canadian Army has submitted to the United States Department of the Army a proposal for the interchange, on a one-for-one, rank-for-rank basis, of nine additional officers to act as instructors at Army Corps schools. The decision of the U.S. Department of the Army in this matter is presently awaited.

2.(b) Training

In addition to the interchange of officers between the two countries, officers and other ranks of each country are attending the other's service schools and colleges. For example, during the fiscal year 1948-49 there were 94 Canadian officers and 128 other ranks who attended courses in the United States.

U.S. Officers have attended all post-war courses at the Canadian Army Staff College and a U.S. army officer has been a member of the instructional staff for all three courses. Commencing in October, 1949, there will also be a U.S. Marine Corps officer on the instructional staff.

The current course at the National Defence College has one U.S. officer in attendance. At the next course it is hoped that there will also be an official from a U.S. civilian department in attendance. A large number of the visiting lecturers who speak at the National Defence College are high-ranking officers of the U.S. Armed Forces and senior officials of the government.

Vacancies are offered to the Canadian Army at the following high level U.S. service schools:

- (i) National War College

- (ii) Industrial College of the Armed Forces
- (iii) Armed Forces Staff College
- (iv) Command and General Staff College.

To provide additional co-operation in training, a policy of exchanging officers as observers on special exercises has been introduced and has proven to be very useful.

A copy of all applicable training films and strips produced in each country is forwarded to the other country and facilities are available for the purchase of additional copies.

2.(c) *Equipment*

Exchange of equipment between the Canadian Army and the U.S. Army is effected for purposes of joint testing and experimentation. These tests may be carried out in the presence of representatives of both countries or independently by one or the other. In either case, both progress reports and final reports are exchanged.

2.(d) *Fort Churchill*

Fort Churchill continues to operate as a joint experimental station. At present there is a permanent U.S. administrative detachment at Churchill. In addition, U.S. trial teams are engaged in testing clothing, engineer stores and signal stores. A U.S. Engineer Construction Company is also at Churchill and is assisting in the summer construction programme.

2.(e) *Northwest Highway System*

Maintenance of the Northwest Highway, which is the responsibility of the Canadian Army, is being carried out satisfactorily and the Highway is in good condition.

II. Royal Canadian Navy

3.(a) *Hydrographic and Aerial Survey*

A Hydrographic Survey, Group II, which consists of four U.S. survey vessels, will be operating in the Hamilton Inlet area until approximately 1st October. The purpose of this operation is to correct existing Canadian and U.S. charts of this area.

A U.S. Aerial Photographic Squadron, V.P.-62, will be operating in the same area this summer for the purpose of completing the aerial survey which was begun last year.

3.(b) *Weather Station Supply Mission*

The ships U.S.S. "Edisto", an icebreaker, the U.S.S. "Wyandot", a transport, and the U.S.S. "LST-533", serving as a cargo vessel, sailed from Boston in July of this year.

The object of this mission will be to supply joint Canadian and U.S. weather stations in the Arctic. The expedition will be under the command of Captain Basil N. Rittenhouse, U.S.N., and will embark Canadian observers from all interested Government Departments.

3.(c) *Joint Exercises*

(i) *West Coast*

On the West Coast there have been a number of joint exercises participated in by the R.C.N. and the U.S.N. These operations are sponsored by the U.S. Naval Electronics Laboratory with U.S.N. ships; the Canadian contribution has been scientists from the Joint Oceanographic Committee and the Defence Research Board, Pacific Naval Laboratory.

During November and December, 1948, H.M.C.S. "Cedarwood" and H.M.C.S. "Ehkoli" collaborated with two U.S.N. ships in conducting fundamental studies of sound transmissions and oceanography in the area near Nodales channel.

During July, August and September, 1949, H.M.C.S. "Cedarwood" is engaged in a joint Aleutian scientific expedition. The force will conduct a cruise to carry out tests under the scientific direction of U.S. Naval Electronics Laboratory, the Defence Research Naval Laboratory (Canada) and Pacific Oceanographic Group (Canada). The cruise is in waters adjacent to the Aleutian Islands and Bering Strait. H.M.C.S. "Cedarwood" is concentrating on sound transmission studies and oceanographic work.

(ii) *Amphibious Exercises*

It is proposed that joint amphibious exercises of the U.S.N. and R.C.N. will take place in Hamilton Inlet commencing approximately 1st October. These exercises are intended to test existing equipment under Arctic conditions.

(iii) *Anti-Submarine Training*

During the past two years U.S.N. submarines have co-operated with the R.C.N. in anti-submarine training. This co-operation consists of quarterly A/S exercises with R.C.N. ships on the East and West Coasts where intensive A/S searches are carried out. United States Navy submarines are supplied from the New London and Seattle Naval Bases. The close co-operation given by the United States Navy has greatly increased the value of these exercises and has created an atmosphere of friendly rivalry between the Naval-personnel of the two nations.

III. *Royal Canadian Air Force*

4.(a) *"Beetle" (Northwest LF Loran Chain)*

In accordance with decision of the LF Loran Committee, Kittigazuit is operating as a master station with Skull Cliff as a slave station. Test flying is in progress on this pair. Arrangements are being made to establish a master station at Aklavik NWT.

The USAF plans the establishment of a master transmitting station at Barter Island to be completed this fall. At that time Barter Island will operate as a master station with Kittigazuit and Skull Cliff operating as slave stations.

4.(b) *"Muscaif" (Loran Training)*

In connection with "MuskoX" an LF Loran system was established in Dawson Creek, Hamlin and Gimli to be operated as a long range navigation aid. The system was established and equipped by the USAF; subsequently all USAF personnel were

replaced by the RCAF. Subsequently the chain was used to train operators for Beetle Stations.

The Regina Monitor was closed down on 10 March 1949, and the transmitters at Hamlin and Gimli are scheduled to close 1 September 1949. Future training of LF Loran operator personnel will take place on the U.S. Gulf Coast or West Coast Standard Loran Chain.

4.(c) *Interchange of Officers*

The R.A.F., U.S.A.F., and R.C.A.F. are co-operating in a project to assign officers to duty on an interchange basis whereby R.C.A.F. officers are being assigned to and employed with R.A.F. and U.S.A.F. units. At the same time officers of the R.A.F. and U.S.A.F. are being assigned and employed at R.C.A.F. units in Canada. At present there are 19 R.C.A.F. officers assigned to units of the R.A.F. and 11 R.C.A.F. officers assigned to units of the U.S.A.F. There are also 13 U.S.A.F. and 19 R.A.F. officers assigned to duties with units of the R.C.A.F. All the officers involved are assigned to duties with operating units of the "host" air arm in much the same capacity as any other member officer of that air arm might be employed. In addition there are several officers of all three air forces who have been assigned to regular training schools in a student capacity.

4.(d) *"Eureka"*

"Eureka" is a joint U.S.A.F. and R.C.A.F. project to survey a series of sites for future installation of Loran and radar equipments. Members of the survey teams consist of R.C.A.F. and U.S.A.F. officers and specialist civilians.

4.(e) *Exercise "Blackjack"*

During the month of July, 1949, the R.C.A.F. (by invitation from the U.S.A.F.) participated in exercise "Blackjack". This exercise was planned and executed to employ bomber aircraft of the U.S.A.F. on mock raids against certain targets in the United States. It was intended that the bomber raids should exercise the fighter defence organization of the Air Defence Command, U.S.A.F. The R.C.A.F. participated to the extent of permitting bomber aircraft of the U.S.A.F. to operate over Canada in these simulated attacks on U.S. targets and by actual interception by Vampire aircraft of the Air Defence Group in the Montreal area. The complete results of "Blackjack" are not yet available; however two successful interceptions were achieved by the R.C.A.F. Vampires against the U.S. bomber forces. Similar exercises are planned in the future.

4.(f) *Exercise "Route"*

The Military Air Transport Service of the U.S.A.F. has furnished a photo B-17 for the purpose of photographing (motion pictures) the approaches to landing at certain air bases in Canada. The B-17 has completed photographing approaches under winter conditions and is presently completing the photographing of approaches to the same bases under summer conditions. Copies of the prints made are being forwarded to the R.C.A.F.

4.(g) *Celestial Fix Orientation*

This project was initiated on 22 October, 1948. The U.S.A.F. proposed to establish control points in the Canadian Archipelago by means of simultaneous celestial

observations and radar scope photography by which the large amount of photography completed by the U.S.A.F. in this area could be accurately orientated for mapping purposes.

Three Canadian observers have been taking part in this operation and a recommendation has been made that the R.C.A.F. continue to participate in any future phases.

4.(h) "Stratiform"

This project grew out of an earlier U.S.A.F. proposal that two B-29 aircraft be assigned over a period of five years to make a survey of the declination of the magnetic field in the North American Arctic regions from aircraft in flight. The amended proposal was approved on a yearly basis. The Department of Mines and Resources provides the Canadian representation.

4.(i) Search and Rescue

Under an exchange of notes issued simultaneously in Ottawa and Washington on February 4th, 1949, the two Governments have agreed to give special customs and immigration clearance to planes and crews of either country when entering the other's territory on Search and Rescue Operations.

Under the agreement, it has now become the responsibility of the Rescue Coordination Centre in charge of the operation to obtain customs and immigration clearance for the aircraft involved. Aircraft of either country involved in a search in the other's territory will thus not be held up at the border to clear customs and immigration.

In several searches, notably those for the U.S. civilian aircraft missing enroute Buffalo-Montreal, the missing R.C.A.F. Beechcraft in New Brunswick and the Canadian civil Fleet Canuck in British Columbia, aircraft of the R.C.A.F., U.S.A.F. and the U.S. Coast Guard worked together to a common end.

4.(j) Air Re-Supply of Joint Operated Arctic Weather Stations

The U.S.-Canada agreement infers that the R.C.A.F. will assume the responsibility for the subject air re-supply in July, 1952. The R.C.A.F. proposed plan is to commence annual re-supply in April 1951, and periodic re-supply in July, 1952.

IV. Combined U.S.-Canadian Joint Arctic Exercises "North Star"

5.(a) "North Star" is an exercise in which Canadian Air and Army forces will co-operate with U.S. Air and Army Forces in the Whitehorse Burwash Landing Northway area, during the period January-February, 1950.

5.(b) The objectives of the exercise are:

(i) To develop procedures, doctrine and technique for the employment of combined U.S.-Canadian Forces in the Arctic.

(ii) To develop combined-joint doctrine and technique for the employment of combined U.S. Air Force-R.C.A.F. units in conjunction with the participating units in the following roles:

- a. Providing air transport
- b. Providing close air support
- c. Providing air supply

- d. Providing air evacuation
- e. Providing visual and photographic reconnaissance
- f. Protecting motor movements on the Northwest Highway System from Aggressor attack.

(iii) To provide Arctic training for a battalion combat team and a service support unit.

(iv) To develop doctrine and technique for moving troop units from the Zone of Interior to Alaska via the Northwest Highway System and air transport.

(v) To provide data for developing appropriate organization and equipment establishments for Arctic operations.

(vi) To determine the adequacy of standard items of clothing and equipment for Arctic operations.

(vii) To determine additional requirements of clothing and equipment necessary for Arctic operations.

(viii) To develop doctrine and technique for establishing a base camp in the Arctic.

(ix) To provide a detailed operational report of exercise "North Star" for study by appropriate agencies for use in planning future operations and instruction in Service Schools.

(x) To provide aerial photographs of all phases of employment of Army units in the Arctic for study by appropriate agencies to determine what changes in technique will best prevent aerial observation and attack.

(xi) To provide various research agencies with a means of furthering Arctic research.

(xii) To develop standards for logistical support for sub-Arctic operations.

5.(c) The setting of this exercise is that aggressor forces have secured the Fairbanks-Anchorage area and are attacking by the Alaska highway against the Canadian Army at Burwash Landing. The R.C.A.F. will engage the aggressors west of Burwash Landing. One U.S. battalion combat team will reinforce defending forces in the Whitehorse area. This combat team will be air-lifted to Whitehorse by the U.S.A.F. Upon arrival of the combat team, combined Canadian and U.S.A. Ground forces will be supported by the U.S.A.F. and R.C.A.F. A drive against Northway will be initiated to secure that base for future operation.

5.(d) The following forces will participate:

(i) Canadian:

P[rincess] P[atricia's] C[anadian] L[ight] I[infantry]

One troop towed field artillery (or one troop light artillery if training has been completed)

Air contact teams as required

Necessary services to support Canadian Forces

R.C.A.F.

(ii) United States:

One Battalion combat team

One service support company

U.S. Air Force

5.(e) R.C.A.F. responsibilities will be:

(i) to air move approximately 650 Canadian Army troops from Edmonton to Whitehorse and return

(ii) air support of the Canadian Army ground troops in the area

(iii) transport support of an airborne assault to company strength and aerial re-supply missions as required.

V. *Defence Research*

6.(a) *Exchange of Personnel*

There is at present an exchange of personnel between the Defence Research establishments of both countries. The individuals concerned form part of the staff to which they are posted.

6.(b) *Integrated Programmes*

In order to make the fullest utilization of the defence research facilities of both countries, the programmes of U.S. and Canadian organizations are integrated so far as it is practicable.

6.(c) *Suffield*

The United States Army has been granted and has accepted facilities at the Suffield Experimental Station for the purpose of trying out trials on toxic agents.

6.(d) *Churchill*

The research organizations of both Canada and the United States are presently carrying out Arctic medical trials. While these trials are not being conducted jointly, there is, however, the greatest possible coordination between the two agencies.

6.(e) *Naval Research*

Research concerning anti-submarine warfare is currently being carried out on both Coasts on a joint basis by the United States Navy and the Royal Canadian Navy.

VI. *Standardization*

7.(a) Although Canada-U.S.-U.K. standardization extends beyond the scope of Canada-U.S. joint defence projects, it is an essential part of North American defence planning. To date, good progress has been made in certain fields such as staff procedures, operating methods and training techniques. In addition, agreements have been reached as regards the military characteristics of many equipments required by the three Services. Similarly, in the field of research and development, duplication of effort has been greatly reduced and specific developments are being carried out by one country on behalf of the other two.

7.(b) However, until agreement can be reached concerning the types of military equipment required and the utilization of industrial capacity in the three countries

to produce the agreed types, practical results in the field of standardization of equipment cannot be expected.

J.D.B., SMITH

906.

DEA/17-DA(s)

*Note du secrétaire militaire au Comité de défense du Cabinet
au Comité de défense du Cabinet*

*Memorandum from Military Secretary to Cabinet Defence Committee
to Cabinet Defence Committee*

SECRET

[Ottawa], August 10, 1949

UNITED STATES BASES IN NEWFOUNDLAND

On November 3, 1948, the Canadian Government, recognizing that the broad extraterritorial and non-military rights exercised by the United States forces in Newfoundland might prejudice future harmonious Canada-United States defence collaboration after Confederation, instructed the Canadian Ambassador to the United States to begin discussions with the United States State Department with a view to modification of the Bases Agreement.

2. On November 19, 1948 the Canadian Ambassador to the United States in a letter addressed to the Acting Secretary of State (copy of which is attached)† stressed that the Canadian Government considered it of great importance that there should be early discussions between Canada and the United States for the purpose of considering certain problems which would affect the Newfoundland bases after Confederation. The Acting Secretary of State was informed in that letter that the Canadian Government did not wish to restrict the effective use by the United States of the leased areas for military purposes. The Canadian Government, however, was of the opinion that the prospective complete change in the political status of Newfoundland justified some modification of the 1941 Agreement in order to bring it more closely into accord with the spirit governing the existing joint defence arrangements between the two countries. No formal reply has been received from the United States State Department.

3. Following the delivery of the Note referred to in the preceding paragraph, informal discussions were held between the Canadian Ambassador and senior officials of the United States State Department. The Canadian Ambassador pointed out that the United States Government had no long-term or automatic rights at any defence site in Canada nor did it enjoy any extraterritorial rights except for purposes of discipline as defined by the Visiting Forces Act. Moreover, the Joint Statement issued by Prime Minister King and President Truman on February 12, 1947 (a copy of which is attached)† which sets forth the principles governing Canadian post-war defence relationships with the United States, calls for co-operative arrangements to be "without impairment of the control of either country over all activities in its territory". State Department officials for their part implied that the initial reaction of the United States Defence authorities was that they had firm rights under the Bases Agreement and would not be prepared to surrender these

rights unless it could be shown that they would secure definite advantages by so doing.

4. On February 12 the Prime Minister of Canada on the occasion of his visit to Washington, raised the question of the status of the United States bases in Newfoundland with President Truman. Mr. Truman expressed himself as desiring a mutually agreeable solution and suggested, with the concurrence of the United States Secretary of State, that a detailed statement of the Canadian desiderata should be submitted as the next stage.

5. Accordingly, on March 19, 1949, an Oral Message was handed to the United States Ambassador to Canada jointly by the Secretary of State for External Affairs and the Minister of National Defence (a copy of the oral message is attached.)²⁴ In broad terms the Canadian Government requested the United States to relinquish certain rights to civil and criminal jurisdiction in the base areas, the right to establish a United States postal facilities in the base area, and certain customs free privileges and exemptions from taxation. None of the privileges which the Canadian Government requested the United States Government to relinquish are essential for the military operation of the bases.

6. On May 25, 1949, in the course of the Canada-United States discussions for a revision of the Bilateral Civil Aviation Agreement, the United States proposed a revision of Article II, Section (5) of the Bases Agreement, relating to the use of the bases by commercial aircraft. In a Note dated June 2, 1949 (a copy of which is attached)†, the Canadian Ambassador to the United States expressed the Canadian Government's willingness to meet the United States position in this respect. The Note stated in part "in view of this important concession in relation to these bases, the Canadian Government expects that the United States Government will give favourable consideration to the Canadian desiderata with respect to the Bases Agreement and that the Canadian Government's willingness to meet the United States position in this respect will be taken into account in discussions concerning the Bases Agreement which should take place at an early date".

7. The Canadian Position

The bases in Newfoundland were leased to the United States by the United Kingdom in 1941 when the war had reached its most critical stage. The base areas are leased to the United States for 99 years from 1941 for certain specified purposes, military co-operation and defence. Since that time, Newfoundland has become a Province of Canada and the extraterritorial privileges, particularly those relating to non-military activities, have become incompatible with the defence relationships of the two countries.

8. Article 28 of the Bases Agreement (copy attached)† states that the signatories "agree to give sympathetic consideration to any representations which either may make after this Agreement has been in force a reasonable time, proposing a review of any of the provisions of this Agreement to determine whether modifications in the light of experience are necessary or desirable." The recommendation of November 20, 1946, of the Permanent Joint Board on Defence, which has been

²⁴ Document 890.

accepted by both Governments, states, inter alia, "that defence co-operation projects in either country *should be agreed to by both Governments, should confer no permanent rights* or status upon either country and *should be without prejudice to the sovereignty* of either country". It is the view of the Canadian Government that "modifications in the light of experience" are now both desirable and necessary.

9. It is believed that defence co-operation between Canada and the United States has developed as successfully as it has because each country has respected the sovereignty of the other. The Canadian position is not, however, based solely on sovereignty. The exercise of these extraterritorial rights, despite all possible care, might well lead to local incidents which would jeopardize present harmonious Canada-United States defence collaboration. It is almost inevitable that there should be, at some time, acts committed which would lead to civil or criminal proceedings affecting civilians. Freedom from customs duties and exemptions from taxation, in the form now enjoyed by United States forces in Newfoundland bases, may lead to unavoidable abuses which will be resented by the Canadian population. Indeed, such incidents have already occurred and such resentment has already been expressed in the Canadian Press.

10. In this respect, an excerpt from the judgement of Dunfield J. in the Supreme Court of Newfoundland (copy attached)† in two actions brought by Newfoundland customs officials against a United States Officer and (in one action) the Base Commander, is worth citing. The actions were brought for assault and false imprisonment. The defendants maintained that they were not subject to the jurisdiction of the civil courts in Newfoundland under the Bases Agreements.

The judgement in part reads as follows:

"This is not a case of a passing army or a transient occupation, such as is contemplated in the older books, where the parties were accustomed to treat each other with the apprehensive courtesy of two cats on a fence or two gentlemen of quality in the days of the duel. These armed forces have to live side by side with the people of the countries where the Bases are for three generations at least. Thus we find it laid down almost of necessity in Clause 4 of the Preamble to the Agreement that 'The Agreement shall be fulfilled in a spirit of good neighbourliness and that details of its practical application shall be arranged by friendly co-operation'. We find the spirit of these provisions appearing again *passim*, as in Article I (3) and (4), Article II, Article V (which provides for mutual adjustments), Article XXVII, Article XXIX (which provides for mutual adjustments). On the basis of all this one cannot but feel that the application of common sense to any situation not within the four corners of the Base Agreement is not merely permissible but indicated; and that any question arising should be approached not in a spirit of strict technicality but in the spirit of Clause 4 of the Preamble."

11. In the opinion of the Canadian Government, the privileges which the United States has been asked to relinquish and which are set out below are matter for urgent consideration by the United States Government. The Canadian Government considers that the rights of the United States forces at the Newfoundland bases should be brought as nearly into accord with present Canada-United States defence

co-operation projects as is consistent with Canadian recognition of the United States rights to occupy the base areas for defence purposes. It is therefore emphasized that privileges which the Canadian Government has requested the United States Government to relinquish are not essential for the military operation of the bases.

12.(a) The United States Government has been asked to relinquish the right of United States civil and criminal jurisdiction within the base areas over United States service personnel and United States nationals, and criminal jurisdiction over foreign nationals and British subjects (see Article IV), except as provided for by the Canadian Act governing the discipline of United States forces in Canada which was enacted at the request of the United States authorities. (A copy of the "Visiting Forces (United States of America) Act" of 1947 is attached.)†

(b) Customs free privileges (other than those now allowed for United States forces located in Canada) for goods consigned to service personnel and to employed United States nationals, and for goods consigned to United States institutions (e.g. the Post Exchange) for sale to service personnel or employed U.S. nationals and their dependents (see Article XIV). The relinquishment by the United States of the privileges provided for by Article XIV of the Agreement would, in fact, only limit the privileges set out in that Article as follows:

(i) no benefits in respect of consignments to contractors under sub-paragraph 1 (a) would be allowed;

(ii) treatment provided by the provisions of sub-paragraph 1 (c) and the latter part of 1 (d) beginning with the words "and of contractors" would not be permitted.

(c) The right to establish United States postal facilities in the base areas (see Article XVI). When the present extraterritorial extensions of United States Postal services cease, the Canadian Post Office Department will establish such services as the local conditions justify. Canadian postage would, of course, be used. There would be no objection to the use of a United States diplomatic bag for the carrying of official United States correspondence.

(d) Exemption from taxation (see Article XVII) other than any such exemption now in effect in respect of the present defence co-operation projects in Canada. Present tax exemptions are set out in the Canada-United States Income Tax Convention.

13. The Canadian Government, therefore, desires the United States Government to agree to relinquish those extraterritorial rights set out in the preceding paragraph.

J.D.B. SMITH

907.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, August 10, 1949

NATIONAL DEFENCE; DISCUSSIONS WITH U.S. SECRETARY OF DEFENCE

5. *The Minister of National Defence*, referring to discussion at the meeting of August 3rd,† said that Mr. Johnson, the U.S. Secretary of Defence, would attend a special meeting of the Cabinet Defence Committee the following day at 11.30 a.m. Among the topics of mutual interest to be discussed were the following:

- (a) General review of strategic situation.
- (b) Canada-U.S. joint defence projects.
- (c) U.S. bases in Newfoundland.
- (d) Canada-U.S. industrial co-operation
- (e) Power and navigation developments in the Great Lakes and St. Lawrence basin.

It was felt that this might be an excellent opportunity to put forward again the Canadian position with respect to the rights enjoyed by the United States in their Newfoundland bases. There was no doubt that a considerable amount of smuggling was carried on from these bases. It was feared that the present situation might lead to serious incidents. The problem could probably be solved only if the United States were prepared to relinquish certain of the extraordinary rights presently enjoyed.

A further problem that was giving some concern with respect to the U.S. bases in Newfoundland was the fact that American technicians were employed at double the prevailing rates for Newfoundland whereas Newfoundland labour was often employed by the U.S. authorities at something less than the current prevailing rates. It would be suggested that Newfoundland technicians and labour be paid by U.S. military authorities at the local prevailing rates.

6. *The Cabinet*, after discussion, noted with approval the report of the Minister of National Defence on discussions to be held with the U.S. Secretary of Defence the following day.

908.

PCO/Vol. 2748

*Extrait du procès-verbal de la réunion du Comité
de défense du Cabinet*

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

Ottawa, August 11, 1949

1. *The Prime Minister* welcomed Mr. Johnson on behalf of the Canadian Government. While informal visits between Ottawa and Washington such as Mr. Johnson's were certain to arouse speculation by the press, they were of the greatest value in that they provided an opportunity for members and officials of both Governments to meet and discuss in a true spirit of friendship, the mutual problems confronting these two countries.

2. *The United States Secretary of Defense* delivered to the Prime Minister and the people of Canada the greetings of President Truman. It was in a real spirit of friendship that this visit was being made to Canada. There were no major problems which the United States Government wished him to discuss at this meeting. All problems concerning North American defence were being handled very satisfactorily by the Permanent Joint Board on Defence where a spirit of common purpose and mutual understanding prevailed. The facilities of the United States Department of Defense were available to Canada. The Military Assistance Act which was presently before Congress would permit the United States Department of Defense to purchase equipment for the Canadian Armed Forces.

I. General Situation

3. The Minister of National Defence, referring to the general situation as it affected the North American continent, stated that the Canadian authorities believed that the only combination of powers which could constitute a threat to the security of this continent at the present time was the Soviet Union and her satellites. It was not believed that there would be any significant change in the economic and political system of the Soviet Union which would tend to minimize this threat. Similarly it was considered that there would be no expansion of Soviet controlled territories in the immediate future that might materially affect the Soviet capabilities for making war.

On the basis of current Intelligence it was felt that Soviet aggression if it occurred would be planned well in advance of the event. Although at this time war was not regarded as inevitable, there remained the possibility of an outbreak occurring through a combination of incidents. In the event of war the Soviet Union would probably first attempt to consolidate its position in Eurasia and then establish advance bases from which air strikes would be made against the North American continent prior to any attempted invasion. This undoubtedly would be accompanied by subversive action aimed at the disruption of the economy and war potential of both Canada and the United States with the object of reducing the available manpower and retarding the flow of necessary supplies.

A war in the immediate future would be fought with improved-design weapons used in the Second World War and such other new weapons as may have passed through the initial experimental stages at the time of attack.

While sabotage, subversion and attempts to infiltrate and penetrate the Government and the economic structure of the country would probably take place in the early stages of a conflict, the Canadian authorities were of the opinion that during this phase any open attacks against the North American continent would be diversionary in character while the main Soviet objective continued to be the consolidation of its position in Eurasia.

On this analysis, the roles of the Armed Forces were similar to those in the Second World War. The Canadian Navy would be primarily concerned with convoy work in the North Atlantic; the Army and the Royal Canadian Air Force while maintaining sufficient forces in Canada to deal with diversionary attacks, would be employed to assist the allied powers in the carrying out of the strategic plan. As opposed to maintaining large forces in being, the Canadian services were organized so as to provide a nucleus which could be rapidly expanded in time of war.

The organization for overall defence planning was similar to that of the United States, the major difference existing in the matter of procurement which in Canada was carried out by the Department of Trade and Commerce through a Crown agency known as the Canadian Commercial Corporation. This latter organization in war would probably be expanded to form a Department of Munitions and Supply similar to the organization which existed in World War II.

The organization for Canada-U.S. defence coordination had proved very satisfactory and like the Permanent Joint Board on Defence was sufficiently flexible to meet any requirements that might be made of it.

4. *The United States Secretary of Defense*, referring with express approval to Mr. Claxton's appreciation of the situation, stated that the U.S. Joint Chiefs of Staff considered the outlook for peace considerably improved. While a year ago the threat of war appeared imminent, the situation was now much brighter. Probably the stand taken by Marshal Tito was the first indication of a break in Soviet solidarity. In various ways the United States Government were endeavouring to strengthen Tito with a view to widening the schism between Russia and Yugoslavia. It was now believed that the accepted estimate concerning the time when the Russians could produce their first atomic bomb was one year too early. Even when Russia had the ability to produce the bomb, the rate of production would be limited because of the shortage of uranium. The supply of uranium available to the Russians was now considered to be less than that previously estimated; in addition, her reserves were considerably smaller. The first Russian bombs would probably be only the equivalent of the original U.S. bomb, the effectiveness of which had been greatly increased. All stocks of U.S. bombs have been remodelled and were now of the new improved design.

While Russia had the will to fight, it was felt that they knew they lacked the necessary capacity. So long as the Western Hemisphere maintained its economic and military strength, the threat of Russian aggression would continue to be checked.

To maintain the economic strength of the United States and at the same time cause no decrease in her military strength, the greatest economies were being made to ensure that the appropriations voted for the Armed Forces were utilized most efficiently. To this end, duplication of certain facilities of the three Armed Forces was being eliminated without impairing the standards of efficiency or strength and so far as it was practicable certain services were being combined in order to obtain the maximum effort for each dollar of defence expenditure.

Referring to the Basic Security Plan, the Minister of National Defence observed that the planning agencies of both countries, working under the direction of their respective Chiefs of Staff who were responsible for the Canada-U.S. Basic Security Plan, were engaged in developing a closely integrated defence plan for the northern half of the North American continent. On the subject of standardization, the present Military Assistance Bill would provide for the rebuilding of certain European munitions industries. It was considered to be more economical and practical at this time to rebuild partially destroyed munitions plants in European countries than to attempt to re-equip European forces with equipments of accepted Canada-U.S.-U.K. design.

Referring to the Basic Security Plan and the threat to the North American continent, Mr. Johnson stated that the United States had fairly accurate intelligence concerning Russian supplies and reserves. The destruction of these would not in itself bring Russia to settlement and, in the U.S. view, it was felt that settlement with the U.S.S.R. could not be obtained until Russia was completely defeated. In developing the forces required to achieve Russia's defeat, it was essential to give all possible assistance to the United Kingdom and the countries of Western Europe. It was President Truman's hope, however, that in providing this assistance to Western Europe, there would be no diminution in the strength of the defence forces of Canada and the United States.

II. Canada-United States Joint Defence Projects

5. *The Minister of National Defence* reviewed the status of the present Canada-U.S. Joint Defence Projects. As between the Canadian Army and the U.S. Army, there was a continuous exchange of officers. The great advantage of this arrangement was that the officers of one Army were integrated into the establishment of the other and actually filled vacancies which would normally be filled by the country's own Service personnel. In the matter of training, there was an exchange of officers on many courses in Canada and in the United States. In some instances, U.S. officers served as members of the instructional staff of Canadian courses. Both Canadian Army and U.S. Army equipment was tested under joint arrangements or certain projects were carried out independently by one country for the other. In either case, both progress reports and final reports were exchanged. At Fort Churchill, joint experiments were being carried out on transport, weapons, clothing, engineer stores and signal stores. The Northwest Highway System, the maintenance of which is the responsibility of the Canadian Army, was now in good condition.

Cooperation between the Royal Canadian Navy and the United States Navy covered a wide field,—hydrographic and aerial survey, weather station supply mission

and joint exercises on the West Coast, where certain naval research, particularly in the field of anti-submarine warfare, was being carried out.

The Royal Canadian Air Force, working in close collaboration with the United States Air Force, continued to exchange officers on a basis similar to that in the Canadian Army. In addition, the Air Forces of the two countries were cooperating in exercises to test the air defence command and were engaged in celestial fix orientation and in the declination of the magnetic pole survey, in addition to the well-established search and rescue operations.

A combined U.S.-Canadian joint Arctic exercise known as "North Star" was being planned by the Armies and Air Forces of both countries. This would take place in the Whitehorse-Burwash Landing-Northway area during January and February of 1950. This exercise would be of great value, particularly in the field of development of common procedures, doctrines and techniques for combined U.S.-Canadian ground forces in the Arctic. Similarly, in the case of the Air Forces, the exercise would provide an opportunity to develop further the combined joint doctrine and technique for the employment of Air Forces operating in the north country.

In the field of Defence Research, there was a continuing exchange of personnel between the research establishments of both countries. The research programmes of both the U.S. and Canadian organizations were being integrated with a view to avoiding as far as it was practicable, any duplication of effort and to making the fullest utilization of the Defence Research facilities of both countries. Facilities had been granted to the U.S. Army to carry out trials on toxic agents at the Canadian Defence Research Experimental Station at Suffield.

In the field of standardization, progress had been made in connection with staff procedures, operating methods and training techniques. In the broader field, standardization of screw threads had been agreed to during the last year. The major problem as far as the Armed Forces were concerned was still that of equipment. Until agreement could be reached concerning the types of equipment required and utilization of the industrial capacity in the three countries to produce the agreed types, practical results in the field of equipment standardization could not be expected. At present Canada was in an awkward position vis-à-vis the United States and the United Kingdom, in that it was essential to utilize the equipments of both countries and to carry out training on both U.S. and U.K. equipments. Economically and financially this was unsound. The Canadian authorities desired to get rid of the present old equipments and obtain the new standard equipment at the earliest possible date.

6. *The U.S. Secretary of Defense* observed that the previous day the title of the department controlling the U.S. Armed Forces had been changed to the United States Department of Defense. He outlined in brief the overall organization of this Department. In addition to the Secretary, there is a Deputy Secretary, who is now Mr. Stephen Earley, who deputizes in every sense of the word as Defense Secretary. In addition there are four Assistant Secretaries who shared the various tasks of the overall direction of the Department. In this group, and answerable to the Secre-

tary of Defense through the Deputy Secretary are the Secretary of the Army, the Secretary of the Air Force and the Secretary of the Navy.

Mr. Johnson then went on to describe a new Committee which he termed as an economy committee, the purpose of which was to investigate the business side of all three Services and to make recommendations by which sound business practices could be extended in the operations of the Department of Defense.

III. U.S. Bases in Newfoundland

7. *The Minister of National Defence* stated that Canada welcomed the arrangements which the United States had made concerning the development of the U.S. bases in Newfoundland as a part of the overall defence plan for the North American continent.

However, the United States held under the Bases Agreement of 1941, certain non-military rights which had never been asked for by the United States in any other part of Canada where the U.S. forces were collaborating with Canadian forces in the development of North American defence projects. Mr. Claxton then went on to point out that the four non-military rights which the Canadian authorities considered to be not essential for the efficient military operation of the bases concerned the matter of civil and criminal jurisdiction over the U.S. service personnel and U.S. nationals, customs-free privileges, postal facilities, and exemption from taxation.

The Minister of National Defence then described an incident which had taken place in Newfoundland on the 9th of July, 1948.

Under the existing laws of Newfoundland, civilians were not permitted to receive or possess goods which were purchased within the base areas. It was well known, however, that a great many articles which were purchased within the base areas were finding their way into the hands of civilians. This was particularly so in the case of cigarettes which sold within the base areas for approximately one-sixth of the current price outside. As part of their normal duties the Customs officials were in the habit of stopping and searching vehicles as a precaution against smuggling by both Newfoundland and U.S. base personnel. In the particular case in question, two Newfoundland officials (the Chief Preventive Officer, Mr. Evans, and the District Inspector of Criminal Investigation) who were unarmed, stopped a U.S. military vehicle coming from the direction of Argentia. The vehicle was driven by a civilian Newfoundland employee. In the car was a U.S. mail bag concerning which the Newfoundland officials took no action. However, a search of the vehicle disclosed certain contraband articles. As the Newfoundland officials were taking the vehicle into custody, one of the three U.S. personnel who were in the vehicle asked if it would be possible to phone and report that he would be late at his appointment because of the action of the Newfoundland police. Apparently, however, General Haynes' headquarters was phoned and within a matter of minutes a U.S. vehicle with two military police and a Captain Prevoneau arrived. The officer at pistol point demanded the release of the U.S. personnel. In the evidence which was given in the subsequent litigation for damages on the grounds of assault which was brought by Mr. Evans against Captain Prevoneau, it appeared that Captain Prevoneau was in a highly excited state and that his pistol had the safety catch off.

Mr. Claxton observed that had the R.C.M.P. been involved in this incident it is unlikely that they would have submitted to the request of Captain Prevoneau and that with pistols drawn a most unfortunate incident might have resulted. The Canadian authorities were most anxious to avoid incidents such as this and it was hoped that the existing non-military rights could be modified in such a way as to remove any grounds for unfortunate incidents which could militate against the friendly relationship and cordiality which had existed between Canada and the U.S. on all matters of defence projects.

8. *The United States Ambassador* observed that the interpretation by the United States military authorities of the Bases Agreement gave personnel of the U.S. Armed Forces stationed in the U.S. Bases in Newfoundland extraordinary privileges concerning liability to Canadian civil and criminal jurisdiction.

9. *The U.S. Secretary of Defense* stated that this matter had not previously been brought to his attention and suggested that it be discussed further subsequent to the meeting.

IV. St. Lawrence Waterway—Power and Navigation Development

10. *The Minister of National Defence* pointed out that the industrial development in the Province of Ontario produced a continuing demand for a greater supply of hydro-electric power. The interests of the Province of Ontario in the St. Lawrence project were primarily those of power development and the situation was reaching the point where it might be necessary to proceed with the power development at an early date. If this took place, it would be very difficult subsequently to undertake the navigation project. It was realized that there were various interests impeding progress on the overall project.

11. *The Prime Minister* stated that the delay in the construction of the St. Lawrence waterways power navigation project would be construed in certain quarters as an attempt to impede the industrial development of the Province of Ontario and that the Federal authorities who were anxious to see the power and navigation project begin at the same time, were desirous of avoiding the situation whereby the Province of Ontario and the State of New York might try to take unilateral action to complete the power project on their own.

12. *The U.S. Secretary of Defense* stated that although there was complete understanding as between the Governments of Canada and the United States, it was considered unlikely that the project would come up for discussion during the present session of the U.S. Congress. Time was quickly running out and as priority had been given to the Military Assistance Act there was little likelihood that the St. Lawrence power and navigation project would be discussed by Congress before January. However, President Truman had indicated his desire to see this project authorized and Mr. Johnson felt hopeful that eventually, if not at this Session, authorization for the project would be forthcoming.

V. Canada-U.S. Industrial Cooperation

13. *The Minister of National Defence* stated that Canada attached great importance to developing industrial collaboration with the United States. The Canada-U.S. Joint Industrial Mobilization Committee was now in existence and provided

the necessary machinery for industrial collaboration between the two countries. It had met and had established sub-committees in the fields of non-ferrous metals, chemicals and explosives, forest products, mechanical transport and administrative controls.

14. *The U.S. Secretary of Defense* stated that the United States authorities agreed with the Canadian point of view and had in fact utilized the services of the best trained industrialists in developing United States plans for industrial mobilization. It was essential that the plans for the utilization of the industrial capacity of both countries be coordinated in order to ensure the maximum and most efficient use of North American war making potential.

15. *The Prime Minister*, referring to the problem of purchasing equipment from the United States, pointed out that trade in military equipments had to be done outside the present satisfactory domestic trade arrangements which existed between the two countries. To offset purchases in military equipment by utilizing Canadian surpluses in normal trade would in the long run weaken the present domestic trade arrangements. This of course would have a cumulative effect which would eventually reduce purchases of American equipment by the Canadian Armed Forces. It was hoped that under the Military Assistance Act it would be possible for the United States Armed Forces to purchase certain articles of military equipment from Canada so that these purchases could offset Canadian requirements in U.S. equipment; in fact, in the military field an exchange of "goods-for-goods" was the best possible basis at this time.

16. *The U.S. Secretary of Defense* observed that he would be happy to carry on further discussion on this matter following the meeting.

909.

DEA/325-A(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-1973

Ottawa, August 12, 1949

CONFIDENTIAL

The following for Honourable Louis Johnson, Secretary of Defense from Honourable Brooke Claxton, Begins:

1. I cannot tell you how much we appreciate your making a visit to us, particularly at this time, as well as the understanding and sympathetic attitude you showed us on all points discussed.

2. In accordance with your suggestion I am forwarding to you the list of the tank spares urgently needed to keep the tanks we have in operation. If there is any way in which these might be made available on arrangements other than purchase at regular prices I would be only too glad to hear further from you in this connection.

3. Since our talk last night we have given further consideration to the Bill HR-5895 and this has further been discussed, I understand, by some of our officers with yours. Apparently they agree with the view I expressed to you last night that, in its present form, the Bill does not expressly permit purchase by United States government or services for their own use of military equipment manufactured in Canada. I am advised the "buy-American" legislation would continue to prevent such purchases unless that legislation were effectively repealed. For the reasons discussed by us this would handicap, if not prevent, standardization and intelligent integration of the industrial capacity of both countries to meet any emergency, as well as make it difficult, if not impossible, for us financially to apply United States funds for extensive purchases of military equipment particularly as we are now buying from you far more than you are buying from us of ordinary civilian goods.

4. A further point is the provision made in Section 408(e) of the Bill under which, to purchase military equipment in the United States, we would have to pay, in advance, "the full cost, actual or estimated, of such equipment, materials or service". This provision is, we understand, not in accordance with your own purchasing practice and it would not be in accordance with ours under which payment is either made on delivery or in certain cases upon progress. Indeed, under our treasury laws, payment can only now be made in this way. Further, as you know, production of major items of equipment takes a number of years and our practice is to budget and to secure advance committal authority for several years to be met by annual appropriations in accordance with delivery and progress. I understand that this is your practice too. To have to pay in advance the whole cost of equipment to be delivered some years ahead would make budgeting, appropriating and financing so difficult as to discourage such purchases and defeat the objects of the Bill.

5. It would seem to us also that, since we are one of the few countries which has always paid the United States for everything it got, and will presumably continue to do so, it would be discriminating against us to make this condition when we are going to pay you anyway, as we always have, while other countries are going to get the goods for nothing. Perhaps we have misunderstood the meaning of the law or the way in which it would work under your system of government financing. What we understand you are aiming at is partnership in which both our countries and others would work together in closest cooperation. Under this, as I suggested last night, it would seem to make sense for us to buy certain items of equipment from you, and you to buy from us items of equipment which are within our capacity to manufacture as well and as cheaply as you could do.

6. I appreciate that, in the case of completed military equipment the difficulty regarding advance payment to which I have referred might not be so serious as we would be making payment virtually at the moment of delivery. In connection with a contract for procurement, my understanding is that, even if it were possible legally for your Department to order a sufficient quantity of any item of equipment to cover your needs as well as our own, this would be exceedingly difficult, if not impossible, for you to finance out of your appropriation—as it would be for us.

7. These views are of course intended for your own information. In view of the entirely satisfactory talks we had, to, I believe, the lasting benefit of our two coun-

tries, I hesitate to bring these points forward, but you were good enough to express the same concern I felt about them during our talk last night and, in view of their great importance in the work of joint defence, I thought I should bring them to your attention without delay.

8. I should add that from all sides today I heard nothing but praise for everything you did during the course of your visit. It was immensely satisfactory to all of us. Once again thank you. Ends.

910.

DEA/52-N(s)

*Secrétaire à la défense des États-Unis
au ministre de la Défense nationale*

*Secretary of Defense of United States
to Minister of National Defence*

CONFIDENTIAL

Washington, August 17, 1949

My dear Mr. Claxton:

I wish to tell you again of my deep appreciation for the opportunity to visit Ottawa and talk with you on our mutual problems. You may be assured of my strong feeling of friendship toward our Canadian neighbor and of our effort to remedy those conditions that give concern to both of us.

I will certainly make every effort to secure the transfer of the tank spares and, as you probably know, General Bolte and Brigadier Taber are already in the process of making arrangements to accomplish some transfers of corresponding equipment. I have, accordingly, sent the list that you forwarded to General Bolte so that he may be sure that it is included with the other items of equipment that we are attempting to arrange to transfer to the Canadian Army.

Your conclusions with respect to H.R. 5895 as expressed in your message are substantially correct. In the original legislation we proposed to Congress, such difficulties as you outline did exist, but the Congress has made changes which, if adopted, will not facilitate our standardization program.

I would assume from your message that of most concern to you now, is the matter of advance payment. Certainly I would presume, as you do, that this might not be so difficult, as it may be possible to adjust deliveries to harmonize with your deposits and contracts.

The Military Assistance legislation now before the Congress does not prohibit purchases in Canada, since Sec. 401 of H.R. 5895 authorizes procurement of items to be transferred under the bill "from any source". However in so far as purchases of equipment for our own armed forces, payable out of our Department of Defense budget are concerned, the "buy American" legislation is still applicable.

It is always of great benefit to me to talk to those in other countries who have corresponding responsibilities and I would like again to assure you of my deep

appreciation of your kindness and hospitality and the pleasant visit to Ottawa which we hope soon to be able to reciprocate.]

Sincerely yours,

LOUIS JOHNSON

(Appeared before Senate Committee this afternoon—made some progress)

L[OUI]S J[OHNSON]

911.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, August 24, 1949

NATIONAL DEFENCE; VISIT OF THE U.S. SECRETARY OF DEFENSE;
CANADA-U.S. CO-OPERATION

25. *The Minister of National Defence*, referring to discussion at the meeting of August 10th, reported upon the recent visit of the U.S. Secretary of Defence.

There had been a meeting of Cabinet Defence Committee with Mr. Johnson, at which matters of mutual interest to Canada and the United States had been discussed. When Canadian views had been expressed, they had reflected the Cabinet's decisions prior to the meeting.

The strategic situation had been reviewed and it was thought that there was general betterment. Mr. Johnson had indicated that the date by which Russia was expected to have the atomic bomb was now somewhat later than earlier estimates. On Canada-U.S. defence collaboration, Mr. Johnson had expressed himself as being well satisfied with arrangements. On the question of U.S. bases in Newfoundland, strong representations had been made to Mr. Johnson for some curtailment of the present extra-military rights which the U.S. enjoyed under the terms of the Bases Agreement. It had been made clear to Mr. Johnson that this was not merely a question of safeguarding Canadian sovereignty but that the continued exercise by the U.S. of their non-military rights might provoke incidents which would have an adverse effect on Canada-U.S. relations. With regard to industrial co-operation, Mr. Johnson had been under the impression that the Military Assistance Bill now before Congress fully met Canadian requirements. From the Canadian point of view, however, this Bill had two serious defects in that the United States were not authorized to buy arms in Canada for their own use, and Canada was required to pay cash in advance on purchases of U.S. military equipment.

Although Mr. Johnson was himself sympathetic to the Canadian position regarding U.S. bases in Newfoundland and had expressed himself as favouring a restoration of Hyde Park arrangements in the field of military purchasing, it seemed doubtful whether these two problems would be resolved to the satisfaction of the Canadian government.

It was suggested, therefore, that renewed representations be made to the U.S. State Department indicating the importance that the Canadian government attached to an early solution of these outstanding issues. If, after some further delay, it was felt that no real results had been achieved, consideration might then be given to the policy that should be followed. Possibly these unsatisfactory aspects of Canadian-U.S. defence relations should be publicized.

26. *The Secretary of State for External Affairs* mentioned that formal communications had already been sent to the U.S. State Department on the matters referred to by Mr. Claxton. In those circumstances it might be best if the Canadian Ambassador in Washington were to follow these up by a personal call supported by an informal communication.

It seemed unlikely that both the objectionable features of the Military Assistance Bill could be eliminated. While U.S. government officials were sympathetic, they had been preoccupied with other aspects of the Bill and the Canadian position had not been supported in the manner it might otherwise have been.

27. *Mr. Pearson* was planning an early trip to Washington to discuss other problems that had arisen such as the implementation of the new air agreement. These important defence problems might also be discussed at that time.

28. *The Cabinet*, after further discussion, noted the report of the Minister of National Defence and agreed that the Canadian position with respect to U.S. military bases in Newfoundland and industrial defence co-operation be again brought to the attention of the U.S. government, the means for so doing to be a matter for decision by the Secretary of State for External Affairs in consultation with the Minister of National Defence.

SECTION B

PLANS DE DÉFENSE CONJOINTE ET BESOINS DES FORCES ARMÉES JOINT DEFENCE PLANS AND REQUIREMENTS OF ARMED FORCES

912.

DEA/50266-40

Note du Comité de planification conjointe
Memorandum by Joint Planning Committee

TOP SECRET

[Ottawa], January 10, 1949

SHORT RANGE EMERGENCY PLAN (ABC 105)

Summary

1. The plan provides for the employment of the Armed Forces of the Allies in the event of a war with Russia during the US fiscal year 1949.

*Basic Undertakings**Defence of the Western Hemisphere*

2. This is in conformity with the Canada-US basic security plan and US agreements with South American countries.

3. Minimum necessary forces are allocated to this task.

4. Canadian commitments are within present service plans and resources.

Withdrawal—Europe

5. The plan contemplates the initial withdrawal of Allied forces in Europe to the Rhine. Further withdrawal will be under direction of the Allied C[ommander] in C[hief] Western Europe.

6. Occupation forces during the withdrawal can expect no reinforcement.

Secure the United Kingdom

7. To be performed initially by British forces. It is considered that during the first six months the British forces will have the capability of defending the UK to the extent that it can be used initially as an operating base area. Thereafter some reinforcement in fighter aircraft and A[nti] A[ircraft] defences will be required unless the Allied air offensive has reduced the scale of Soviet attack.

Secure the Cairo-Suez Base Area

8. This area is to be secured and supported initially through the Mediterranean. Forces allocated to secure the base area consist of UK and US Army and Air Forces.

9. The L[ines] O[f] C[ommunication] through the Mediterranean will be operated as long as possible. The following weaknesses are accepted:

(a) Defence of Spain will be left to Spanish Forces;

(b) Defence of Sicily will be left to Italian Forces;

(c) Air Defence and security of bases on the North African coast will be provided by the local friendly forces augmented by some USAF units.

10. British and US light carrier forces will be used on defensive missions in protection of shipping through the Mediterranean. The US carrier task force in the Mediterranean will be engaged primarily in securing and controlling the sea area and secondarily in conducting other offensive operations. US Navy or Royal Navy transport will be provided for movement of Air Force fighters, carrier replacement aircraft and crews from the US.

Secure the Bering Sea-Japan Sea-Yellow Sea Line

11. This is essentially a US task. Forces are those now assigned to the area.

12. The security of the Australasian area will be provided by Australian, New Zealand, Dutch and other Allies.

Air Offensive

13. In conjunction with the atomic campaign, strategic air forces as available will conduct conventional bombing operations.

14. US Strategic Air Command will carry out Atomic Bomb operations from bases in UK (alternatively Iceland), the Cairo-Suez-Aden area, and Okinawa.

15. Carrier task groups will supplement and support the air offensive to the extent practical.

Neutralization of Oil Installations

16. Plans will be prepared by US and UK as appropriate to neutralize Middle East Oil installations should the Allies be forced to abandon them.

Control of Sea Areas

17. Naval forces will be deployed to control sea areas necessary to the execution of the plan.

Re-evaluation

18. It is considered necessary to make an evaluation of the situation at approximately D + 3 months in order to determine major courses of action from that time forward.

19. At that time the following factors not now firmly evaluated should be more readily predictable:

- (a) Results of the Strategic Air Offensive;
- (b) Soviet initial strategy and its success;
- (c) Importance of Middle East oil to the Allied war effort;
- (d) Exploitation of Soviet weaknesses;
- (e) Whether the balance of forces allocated for control the Mediterranean and Security of the UK are adequate.

20. Dependent on these factors, together with various political and psychological considerations, it will be necessary to determine whether the line of action of the plan should be departed from. Likely alternative courses are:

- (a) Shifting the emphasis of the Allied effort to the UK at the expense of the Middle East area.
- (b) Shifting the focal point of strength from the Eastern end of the Mediterranean to the Western.

Second Period

21. Provided no major change in the line of strategy to be followed results from the re-evaluation it is considered that the second period (D plus 6 months forward) will involve the continuation of the tasks previously outlined and in addition:

- (a) Possible strengthening of air and naval defence of the UK. The forces for this task would in the main be diverted from the Middle East.
- (b) Possible additional naval forces for security of LOC in the Mediterranean and possibly the longer sea route around the Cape of Good Hope.
- (c) Expansion of the Cairo-Suez-Aden Base area.

Further Operations

22. By D plus 12 months the Allies will have available over and above forces already committed approximately 20 divisions together with air groups totalling approximately 710 aircraft. (Note—Canadian commitment is two divisions).

3. Possible tasks for this "package force" might include:

- (a) Re-opening of the Mediterranean;
- (b) Regaining of Middle East Oil.

913.

DEA/50266-40

*Note du chef par intérim, direction de liaison avec la défense
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Head, Defence Liaison Division
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, February 2, 1949

We discussed at the Chiefs of Staff Committee meeting this morning the revision of the Short Range Emergency Plan (ABC 105) dated January 10th. General Foulkes pointed out that the main change was to be found in paragraphs 5 and 6 which refer to the withdrawal of Allied forces in Europe to the Rhine. He said that this had been put in afterwards to bring the plan into line with Field Marshal [B.L.] Montgomery's planning. He noted that the plan would be revised in May in London, and that we had been invited to send our planners.

In revising the plan in May, he suggested the possibility of adding a paragraph concerning the reinforcement of the Continent so that the paper would be brought further into line with Western Union planning. It was generally agreed that Western Union countries were aware that some sort of secret planning was going on, and it was thought to be in our interest to bring the plans into line as much as possible.

A brief discussion took place on the possible Atlantic defence organization. General Foulkes thought it would be essential to create at an early stage a military committee, if for no other reason than to prevent the European members making direct application to the United States for military equipment without regard for any over-all planning. He felt that only the creation of a military committee could avoid this sort of request. I pointed out that there was some indication that American thinking at the moment was to go very slowly on creating a military committee or other subsidiary organs which, in the American view, could only lead to complications in planning. I also pointed out that the Americans seemed to be tending to the idea of building up Western Union with equipment before creating any effective Atlantic organization. Once this had been done, there was certainly an argument that it would then be easier to have effective Atlantic agencies.

It was stressed at the meeting that, during the discussions in Washington, it was undesirable to raise the question of detailed organization under the Atlantic Pact, as the main point was to ensure that the Americans signed the Pact, and we could argue the question of organization under it later.

G.G. C[REAN]

914.

DEA/50212-40

*Note du chef par intérim, direction de liaison avec la défense
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Head, Defence Liaison Division
to Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, April 11, 1949

Item No. 3 on C.S.C. Agenda for April 12

CANADA-U.S. EMERGENCY DEFENCE PLAN

1. You will recall that the M[military] C[o-operation] C[ommittee] prepared in 1946, a Basic Security Plan and that, since that time, several Appendices have been given qualified approval by the Chiefs; also, that in 1948 it was decided to prepare a Canada-U.S. Emergency Defence Plan (a) based on the current capabilities of Canada and the U.S. and (b) consistent with broader planning and, (c) which would be put into effect in the event of an emergency arising at the present time.

2. On March 25, the M.C.C. agreed on such a plan (copy attached)† designed for the defence of North America (excluding Mexico) and its vital sea and air communications at this time.²⁵ It will be followed in the near future by a revised Basic Security Plan and Basic Security Programme of which the latter will suggest the defence measures that should be taken (e.g. construction of installations) over a period of several years.

3. The Emergency Plan will obviously have to be revised from time to time to take into account the improving capabilities of the Canadian and U.S. forces, including measures completed in implementation of the long-term Basic Security Programme. As the Emergency Plan points out, periodic revision will also be necessary to keep it in line with broader planning.

4. While the rest of the Emergency Plan appears to call only for the initiation of the detailed operational *planning* necessary to permit, in the event of war at this time, execution of the operations envisaged in the plan, it would seem worthwhile to draw the attention of C.S.C. to para 8 (pages 4 and 5), parts of which are phrased in such a way as to suggest the possibility of increased U.S. activities in Canada *prior to* emergency—e.g. “(c) Establishment and coordination of emergency air defence system”.

5. The plan envisages the following main forms of probable Soviet attack on this continent in the event of war in 1949:

²⁵ Les chefs d'état-major donnèrent leur aval dans l'ensemble, le 26 avril 1946, sujet à clarifier les principes de commandement. A ce moment là les chefs d'état-major n'étaient pas au courant que les chefs d'état-conjoints des États-Unis avaient approuvé le plan de défense canado-américain sans ambages.

Approved generally by the Chiefs of Staff on April 26, 1949, subject to clarification of the principles of command. At that time the Chiefs of Staff were unaware that the U.S. Joint Chiefs of Staff had approved the Canada-U.S. Emergency Defence plan without qualification.

(a) one-way B-29 attacks on important industrial targets in Canada and the U.S.; two-way B-29 attacks on Alaska and Northwestern Canada; light bomber and fighter attacks on Alaska;

(b) submarine attacks in both oceans; mining of sea approaches; attacks on ports and coastal targets;

(c) small-scale amphibious and airborne landings of short duration;

(d) use of chemical and biological but not atomic weapons.

6. The strategic concept is to employ the minimum of forces for defence and the maximum for offence. Under the plan of operations, the area of primary responsibility of the Canadian forces would be Canada, including Newfoundland and Labrador, and that of the U.S. forces would be the U.S., Alaska and Greenland, although this division is not intended to exclude U.S. forces from Canada. The basic operational tasks in an emergency, in order of priority, are considered to be (1) defence of vital areas against air attack; (2) protection of coastal sea routes; and (3) reduction of enemy lodgements.

7. On page 51 the formula for command, that appears satisfactory, is given. It is, in essence, that any forces in Canada, Labrador and Newfoundland—except those at U.S. leased bases in Newfoundland—employed in the execution of the tasks envisaged by the Plan, would operate under a Canadian Commander, although a U.S. force in Canada would be under the immediate command of a U.S. Commander for administration. Similar principles are suggested in connection with Canadian forces operating in the U.S., Alaska and Greenland.

8. Incidentally, para 2 on page 51 mistakenly refers to “leased bases in...Labrador”.

G.G. C[REAN]

915. DEA/50212-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], June 27, 1949

...

X. CANADA-U.S. BASIC SECURITY PLAN—PROTECTION OF SEA LINES OF COMMUNICATIONS

29. *The Chief of the Naval Staff* pointed out that the Canada-U.S. Basic Security Plan was presently being revised on a basis which would provide for both an emergency and a long term plan. All the appendices of the original Basic Security Plan had been approved by the Chiefs of Staff of both countries except that dealing with the protection of sea lines of communications.† The concept and the force requirements had been a matter of considerable discussion. This appendix had now been reviewed by the U.S. Joint Chiefs of Staff and their modifications had been embod-

ied in the recommendations of the Canada-U.S. Military Co-operation Committee.²⁶

30. *The Chief of the Air Staff* questioned the value of approving the estimate of force requirements for the "Protection of Sea Lines of Communications" when this appendix was out of date in view of the present revision.

31. *The Committee*, after further discussion, and in view of the fact that the other appendices of the Canada-U.S. Basic Security Plan had been approved in their entirety, approved the modified estimate of force requirements as recommended by the Joint Planning Committee, it being understood that the Canadian Chiefs of Staff Committee realize that this list of force requirements is out of date and that the whole plan is under revision.

916.

DEA/50212-40

*Le secrétaire, Comité des chefs d'état-major
au sous-ministre de la défense nationale, au secrétaire du Cabinet
et au sous-secrétaire d'État aux Affaires extérieures*

*Secretary, Chiefs of Staff Committee
to Deputy Minister of National Defence, Secretary to the Cabinet
and Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, September 2, 1949

CANADA-U.S. DEFENCE COLLABORATION: APPROVAL OF JOINT DOCUMENTS

1. You will recall that at the 451st meeting of the Chiefs of Staff, held 23rd August, the Committee approved for planning purposes the "Canada-U.S. Agreed Estimate of the Probable Soviet Course of Action against Canada and the U.S.", ACAI 5/2. Prior to this meeting, there had been some concern on the part of the Joint Planning Committee as to the delay in final agreement as between the intelligence organizations of both countries regarding certain aspects of the paper. This concern, I am led to believe, was in part caused by the fact that the U.S. Joint Planners, as was the case with the Canadian Planners, were anxious to proceed with the development of the Long-Range Canada-U.S. Basic Security Plan and that the lack of agreed intelligence and its approval by the Chiefs of Staff was preventing such action.

2. I have now been advised by the Secretary of the Joint Planning Committee (who communicated to his opposite number in Washington the Canadian Chiefs of Staff approval of the Intelligence Appreciation) that, in the United States, final approval of the paper was given by the U.S. Joint Intelligence Group and not by the

²⁶ Bien que ce plan serait bientôt remplacé, les autorités américaines «wish to have the approval of their Chiefs in order to keep the book-keeping portion of the plan up to date», selon le secrétaire du Comité des chefs d'état-major, lequel fit circuler ledit appendice le 15 juin 1949.

Though this plan would be superseded in the near future, the United States authorities "wish to have the approval of their Chiefs in order to keep the book-keeping portion of the plan up to date", according to the Secretary of the Chiefs of Staff Committee, who circulated the appendix on June 15, 1949.

U.S. Joint Chiefs of Staff. This appears somewhat incongruous in that, if the Chiefs of Staff of both countries are eventually to approve a joint Canada-U.S. long-term plan for the defence of the northern part of the Western Hemisphere, the intelligence basis on which these plans are developed should logically be approved by the Chiefs of Staff of both countries.

3. The Chief of the General Staff, in his report on his visit to Washington, indicated that the U.S. Joint Chiefs of Staff did not appear to be too familiar with Canada-U.S. defence arrangements. If the Canadian Services are to devote considerable effort in endeavouring to produce sound plans for North American defence, it would seem that these plans should be developed on the basis of intelligence which has in fact been approved by the Chiefs of Staff of both countries.

4. It may well be that some of the difficulties lie in the various diagrammatic charts which have been produced for Canada-U.S. defence co-operation. None of these charts has included a line indicating the liaison between the Chiefs of Staff of the two countries.

5. To bring the subject of Canada-U.S. defence plans to the notice of the U.S. Joint Chiefs of Staff, it is suggested that, when the Canadian Chiefs of Staff approve any document which has been prepared jointly by Canada-U.S. intelligence or planning organizations, notification to the U.S. authorities of such approval should be made by the Chiefs of Staff Committee directly to the U.S. Joint Chiefs of Staff. In this way it could be ensured that Canada-U.S. documents were brought to their notice and at the same time they would be put in a position where it would be necessary for them to comment on or give their approval to these documents.

6. This matter will be included as an item on the Agenda of the next meeting of the Chiefs of Staff Committee, date to be notified later.

J.D.B. SMITH

917.

DEA/226(s)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

Ottawa, October 3, 1949

II. REPORT ON ABC INTELLIGENCE DISCUSSIONS IN WASHINGTON

3. *Group Captain [W.W.] Bean* reported that the Joint Intelligence Staff, of which he was Acting Chairman, had participated with the United States and United Kingdom joint intelligence teams at Washington in the production of an intelligence appreciation (ABCI 15 dated September 27, 1949.)†

Part I of the paper dealt with Soviet intentions and capabilities from now to the end of 1950 and Part II projected these estimates to 1956-57.

It was of interest to note that the President's announcement of an atomic explosion in the Soviet Union had resulted in a substantial upward revision in the estimate of Soviet capabilities with respect to the production of atomic bombs.

Part I—1950

The following were the main points of interest at the Washington discussions:

(a) In the Summary, Part I, the Canadian view was that it was inadequate in that it stopped at "strategic intentions" and omitted any reference to the campaigns and to the modification of Soviet capabilities therefrom. They had felt that the strategic intentions should be re-examined in the light of the campaign studies.

(b) The Canadian representatives had suggested, and obtained agreement, that the use of the expressions "Soviet Union and its allies" and "the United Kingdom, the United States, Canada and their allies" be accepted in the statement of the problem. Later, however, the United States and the United Kingdom exerted strong pressure to revert to the earlier term "Anglo-American" and the Canadians were unable to get agreement as to an explanatory note defining the latter term.

(c) The present "outbreak of war" paragraph was a result of numerous discussions and was the best that could be achieved. Despite the divergence of views, agreement had been reached in that the estimate had been produced on the basis of virtually maximum capabilities for the Soviet Union. The Canadian view was that these capabilities would not be reached without prior build up. In other respects the statement faithfully recorded the views put forward except for the implications that only the United States side felt that M-Day and D-Day should be taken as the same for planning purposes. So long as there was any possibility that the Soviet Union might be drawn into war without preparation, it was expected that the Planners would assume that M-Day and D-Day might be the same. In any case, there was no means of forecasting the period of warning which might be available to the allies and it was probable that the whole period between M-Day and D-Day would be taken up in evaluating such intelligence as became available and that the period of warning was effectively nil.

(d) With regard to "strategic intentions", the Canadian representatives had been successful in obtaining agreement that the phrase "attacks with limited objectives against the United States and Canada" be substituted for the phrase "limited attacks against the United States and Canada". The former, of course, limited the objectives only, whereas the latter limited only the scale.

(e) The section under "Campaigns" covering strategic air operations was written at the request of the Canadian group to enable an estimate to be made of the forms and scales of attack against North America in relation to attacks elsewhere. Though the object was only partially achieved, it was felt that this was the best that could be accomplished.

(f) The Turkey Campaign represented a major change from the previous United Kingdom-United States views. It was now estimated that approximately six months would be required for this campaign and that the Suez area could not be reached until approximately D plus 12 months. This presented a problem of such magnitude

to the Soviet Union that it might well result in a change of Soviet intentions, particularly if Turkey could be relied upon to remain neutral.

(g) The section dealing with the Iberian Peninsula campaign contained somewhat divergent views as between the United Kingdom on the one hand and the United States and Canada on the other. The United States and Canadian view was that this campaign would probably be undertaken immediately following successful conclusion of the Eastern European Campaign. This view was strengthened by the conclusions with respect to the Middle East Campaign. The United Kingdom, on the other hand, was willing to assign this probability to the campaign against Spain.

Part II—1956-57

With regard to estimates in Part II, these were first prepared before the revised estimate of the 1957 Soviet atomic stock pile was available. The agreed capabilities, however, still represented the best estimate at present. The estimate of the strategic intentions and campaigns, though somewhat modified in the light of this recent information, required complete re-examination and further study. This study would require prior examination of the vulnerability of atomic bombing of the United Kingdom, the United States and Canada. In addition, the validity of 1956-57 as a planning date required re-examination. In these circumstances, the United States had first adopted the attitude that they would not present the paper for approval but, alternatively, would use their own strategic intelligence as a basis for planning. The Canadian group were successful, however, in obtaining the agreement of both the United States and the United Kingdom to allow the paper to go forward, subject to the above reservations.

Although General Todd had stated early in the proceedings that this was the first and last intelligence appreciation which would be a combined United Kingdom-United States-Canadian effort, the United States had agreed that this additional study would be regarded merely as a continuation of the present one. It was suggested that this matter be pursued at the Chiefs of Staff level. Meanwhile, it would be necessary to complete the strategic vulnerability study of Canada. Tentative arrangements had been made with General Todd to have the United States and Canadian vulnerability studies combined as soon as possible, then exchanged with the United Kingdom. It had been suggested that at that time, arrangements could be made for completing the re-examination of the whole of Part II of the paper.

4. *The Committee* noted Group Captain Bean's report on the ABC intelligence discussions in Washington.

918.

PCO/Vol. 244

Extrait du procès-verbal de la réunion du Comité de défense du Cabinet
Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

Ottawa, November 23, 1949

...

V. CANADIAN ARMED FORCES; DEFENCE PROGRAMME

12. *The Chief of the General Staff* read an appreciation of the Soviet intentions and capabilities, based on sources of intelligence available to the United Kingdom, the United States and Canada.

Because of the superior Allied production of the atom bomb and other strategic factors, it was not expected that the U.S.S.R. would precipitate a war in the immediate future. However, there was nothing to indicate any change in the Soviet objective of a Communist world order under their own domination.

The Soviet Armed Forces were at present being maintained at considerable strength and were positioned in such a way that they could readily overrun Western Europe. Significant developments had taken place in their long range aircraft production and also in Schnorchel-equipped submarines.

It was considered that in the event of an immediate war they would be able to carry out simultaneously a campaign against Western Europe including aerial bombardment of the British Isles, a campaign against the Near and Middle East, limited campaigns in the Far East, sea and air offensives against Western Democracy sea communications and attacks with limited objectives against Canada and the United States, at the same time initiating subversive activities and sabotage in all parts of the Western Democracies.

Western Canada and Northwestern United States could be attacked on a two-way mission basis from Russia; on a one-way mission any target in the United States and Canada could be reached. While the scale of attack against Canada and the United States might be limited by logistic, climatic and navigational difficulties, the possession of the atom bomb by the Russians might mean that targets of strategic importance in these countries would be considered of such value by the Russians as to warrant direct attack. It was not possible, however, as yet to suggest what changes in Russian strategy might be brought about because of her possession of the atom bomb and the capability of delivering it at long ranges.

An explanatory note was circulated.

(Memorandum from the Secretary, Chiefs of Staff Committee—Cabinet Document D236.)†

13. *The Minister of National Defence*, referring to the strategic appreciation, pointed out that while the immediate future appeared somewhat brighter than last year, the Western Democracies were one year closer to the time at which it had been considered Russia would be ready to launch a major war. Whereas before it had been considered that any attacks on Canada and the United States would be of a diversionary nature, the possession of the atom bomb by the U.S.S.R. and her

capability of delivering the atom bomb against Canada and the United States could mean that these countries might be subject to raids by aircraft carrying atom bombs. While Canada might not be the main target, an attack by even one or two atom bombs would be important. It was evident that long range aircraft were not required by the U.S.S.R. to bomb enemy countries in Europe. The possession of these aircraft might imply that the Russians were contemplating long range attacks.

Techniques and technical developments had considerably altered the relationship between manpower and equipment. If Canada were to be prepared to meet an attack it was necessary to have equipment available at the outset. To do this it would be necessary to build up deficiencies in equipment and to plan for its maintenance and replacement.

The Chiefs of Staff had been asked to produce a plan which would provide for the minimum forces necessary for the defence of Canada and at the same time for the maximum development potential. The plan as originally prepared had later been modified in order to achieve a better balance between manpower and equipment.

To assist the Chiefs of Staff in the development of a plan, it would be of great advantage if an indication of what could be provided by way of defence funds over a consecutive period of years could be given. Modern defence equipment required considerable future maintenance and provision and it was essential therefore to plan over a period of years in order that a gradual and steady development could take place. Australia was working on a five-year defence programme which had been initiated in 1947. The United States and the United Kingdom were at present developing a basis on which consecutive planning could be maintained.

To this end an estimate had been prepared indicating the annual costs of the years 1949-50 to 1954-55. These costs were based on the desired programme of the three Armed Forces which had been developed within the manpower ceilings as previously approved by the Government. It was noted that the percentage of personnel costs over the period would be reduced appreciably but that there would be a considerable increase in equipment and spares for maintenance. While the force envisaged could only be considered a modest one, the cost of equipping this force was considerable.

Without providing for an increase in equipment, the projection of the present commitments over the same time period showed expenditures approaching those indicated for the desired programme.

(Statements showing the summary cost of the five-year plan and summary costs of projection of the present authorities were circulated—Cabinet Document D234 dated 23rd November, 1949)†

14. *The Minister of Finance* observed that defence costs had reached what appeared to be a high figure for peacetime. The amount available for defence purposes in the coming year could not be determined until more was known of total government expenses. At present it appeared as though total estimates might reach 2.4 billion, and while there were some small diminishing items of expenditure, it was not anticipated that there would be any substantial reductions. At the same time the national revenue was not expected to increase. It seemed desirable to provide for all defence expenditures in one vote.

15. *The Prime Minister* pointed out that the cost involved in developing present plans and carrying out the agreed commitments approached the annual costs shown in the desired programme. It would be desirable to develop the defence plan over a period of years rather than to accept annual commitments not related to a comprehensive plan. While the situation for the immediate future might be considered slightly brighter, a year had passed since the last assessment of the strategic situation and we were one year nearer to the danger period which, because of the Russian atom bomb, might now be advanced by a matter of years.

16. *The Committee*, after further discussion, were in general agreement as to the desirability of initiating a five-year defence programme and agreed that the programme as submitted by the Minister of National Defence be examined by officials of that Department and finance officials.

919.

PCO/Vol. 244

*Extrait du procès-verbal de la réunion du Comité
de défense du Cabinet*

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], December 22, 1949

I. NATIONAL DEFENCE; ARMED FORCES LONG-TERM PROGRAMME

1. *The Minister of National Defence* recalled that at the last meeting the Chiefs of Staff had submitted their Strategic Appreciation and a brief outline of their long-term plans. These had been given preliminary consideration at that time and it was suggested that they be now presented to form a basis for discussion of next year's estimates.

Review of Strategic Situation

2. *The Chief of the General Staff*, as Chairman of the Chiefs of Staff Committee, reviewed the main conclusions of the Strategic Appreciation.

While the strategic balance was expected to remain in favour of the Western Democracies in the immediate future and the U.S.S.R. was unlikely to precipitate an immediate war, there was no change in what was believed to be the ultimate objective of the Soviet Union and they would not hesitate to go to war to achieve their objective if they believed that success was certain. The Soviet Armed Forces were at present in such a state of preparation that they could go to war without any appreciable indication of their preparations because of their great numerical superiority. While it could be said that the situation had improved in Western Europe as a result of the developments of the North Atlantic Treaty, the actual forces available to support Western Union in the event of an immediate attack were most inadequate. U.S. and U.K. troops in the Far East, which it had been hoped would be available for Western Europe, would now be required in Japan and Asia because of the situation in the Far East.

Western Europe was approaching a critical period; to date much work had been done; unless improvement continued with greater momentum, a backslide would take place.

The defence policy as postulated in the "Strategic Guidance" paper of the North Atlantic Defence Organization had as its objective the development of sufficient military strength to convince the U.S.S.R. that a war would not pay and, should war occur, to ensure the successful defence of the North Atlantic Treaty area. To this end it was necessary to develop balanced North Atlantic military forces and to maintain these forces continuously at maximum efficiency. In the event of war the North Atlantic countries would be required to develop and mobilize their combined strength with the object of achieving the earliest defeat of the U.S.S.R.

While each regional group had the common task of defending its own group territories, special tasks were allocated to certain groups because of their geographical location and their initial capabilities. The special task of the Canada-United States Regional Planning Group was the development of a plan for the expeditious reinforcement of regions which might be attacked and also a plan for the immediate initiation of counter-offensive strategic air operations, assisted by other nations as practicable. This requirement necessitated planning with the United States for the preparation of military formations to reinforce any region. To this end Canada would be involved with the United States within the next three or four months in planning the use of uncommitted reserves of land and air forces in support of the other Atlantic Pact countries.

To carry out this task it would be necessary to devote to the territorial defence of North America only the absolute minimum of Canadian resources so that the greatest possible contribution could be made in the shortest time and with the least expense for the support of other members of the Atlantic Pact. This contribution of men and resources must be such that it could be used for offensive operations as soon as required. Accordingly this must be the basis of the Canadian defence effort.

One of the principles of Atlantic planning was the development of balanced military forces within the whole of the North Atlantic Pact Organization. Canada was therefore not required to produce her own completely balanced and integrated force.

As a result of the above, the Canadian policy for the development of Canada's defence forces should be to concentrate on those fields of military endeavour for which Canada was best suited and in which the greatest possible contribution could be made with the least cost in the shortest possible time.

SECTION C

ACHATS DE MATÉRIEL DE DÉFENSE DES ÉTATS-UNIS
DEFENCE PROCUREMENT FROM THE UNITED STATES

920.

L.S.L./Vol. 235

*Note du ministère des Affaires extérieures
pour le premier ministre**Memorandum from Department of External Affairs
to Prime Minister*

SECRET

[Ottawa], February 9, 1949

PURCHASE OF DEFENCE EQUIPMENT IN THE UNITED STATES

During your forthcoming talks with Mr. Truman²⁷ you may wish to mention that, as a result of the decision of Cabinet Defence Committee, the State Department is being asked to arrange implementation by the President of Section 421, Title 22, of the U.S. Code so as to enable Canada to purchase military equipment through the U.S. Defence authorities. A copy of the Note that Mr. Wrong has been asked to present to the State Department is attached as Appendix No. I. You might also care to emphasize how much importance is attached to recourse to this provision until such time as broader legislation (which would permit purchases from existing stocks held by the U.S. Services) is enacted.

For purposes of convenience, the full text of Section 421 is attached as Appendix No. II.† Under this Section, "when he deems it in the interest of national defence", the President may authorize any government agency "to enter into contracts for the procurement of defence articles, information or services for the government of any country whose defence he deems vital to the defence of the United States" and may subsequently dispose of the equipment, etc. to the foreign government. The latter must pay the "full cost" in advance. At no time must contracts not covered by advance payments exceed \$600,000,000.

The U.S. Air Force brought this provision to light after recent discussions with the R.C.A.F. about the purchase by Canada of F86A jet fighters and the manufacture in Canada of this aircraft and of the C119 troop carrier transport. As a number of items included in these aircraft are obtained by the U.S. Air Force for the airframe manufacturers from a wide variety of producers, the Air Force officers concerned had concluded that it was desirable to find a means of enabling the R.C.A.F. to purchase all the components from the U.S.A.F.

When the U.S.A.F. referred Section 421 to its General Counsel, the latter expressed the following opinion on it:

"The President of the United States may authorize the Department of the Air Force to act as agents for procurement of aeroplanes and Government furnished

²⁷ Voir/Sec: Document 870.

equipment for the Canadian Government, and furthermore, in the event that Presidential authorization is obtained, the Canadian Government may open a special account in the U.S. Treasury from which payment may be made for such equipment."

The legal authorities of the U.S. Army have since given a similar opinion and the U.S. Navy is expected to follow suit shortly. Moreover, the Legal Division of the U.S. State Department has given the opinion that, if authorized, the U.S. Defence authorities in general could procure defence articles, etc., for the Canadian government under Section 421.

The Note forwarded to Mr. Wrong was drawn up on lines suggested by the State Department.

In case you should wish to mention some of the reasons why procurement from the U.S. Defence authorities (rather than private U.S. sources) is vital, there is attached, as Appendix No. III, a copy of a paper tabled at the December meeting of the P.J.B.D. Paragraphs 5 to 10 explain the problem fully.†

[PIÈCE JOINTE/ENCLOSURE]

*Note de l'ambassade du Canada aux États-Unis
au département d'État des États-Unis*

*Memorandum from Canadian Embassy in United States
to Department of State of United States*

NOTE FROM CANADIAN EMBASSY, WASHINGTON TO U.S. STATE DEPARTMENT

1. I have the honour to refer to the discussions on the question of procurement by the Canadian Armed Forces in the United States, that have taken place from time to time during the past several months between officials of our two Governments.

2. It will be recalled that, at its June meeting, the Permanent Joint Board on Defence recorded its unanimous and strong conviction that the difficulties confronting Canada in procuring weapons, munitions and material from the United States constitute the greatest single obstacle to satisfactory progress in the implementation of United States-Canadian defence arrangements and "recommended that no effort should be spared to ensure, with the minimum delay, that the barriers to the procurement by the Canadian Services of weapons, munitions and material from the United States are removed."

3. As you are aware, at the December meeting of the Board, there was tabled a full explanation (Appendix #11 of the Board's Journal) of the great importance to our joint defence arrangements of steps being taken to place the Canadian Services in a position to obtain from or through the U.S. Defence authorities, such defence articles as they require from U.S. sources, and, on that occasion, the Board made a Recommendation in that sense. A good illustration of the need for a procurement procedure of the type mentioned is provided by the difficulty that the Royal Canadian Air Force would encounter in procuring two types of current United States aircraft in which it is interested, in view of the fact that a variety of items included in these aircraft are "government-furnished", that is, obtained by the U.S. Air Force

authorities for the airframe manufacturers from a great number of different producers.

4. It has recently come to the attention of my Government that, under Section 421, Title 22 of the United States Code, the President of the United States may, in certain circumstances, authorize departments and agencies of the United States Government to procure, for another government, "defence articles, information or services".

5. It would appear that recourse to this Section of the United States Code, if agreeable to the United States authorities, would give the Canadian Armed Forces a way out of some of their current difficulties in procuring defence articles, etc. from the United States sources until such time as the United States authorities are able to make arrangements of a wider scope. My Government would, therefore, appreciate it if, in view of the recognized importance to the progress of the defence arrangements of our two countries of the Canadian authorities being able to procure from the United States Defence sources, the United States authorities would enable use to be made of the provisions of the Section of the United States Code to which I have referred.

921.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, February 25, 1949

DEFENCE PROGRAMME; PURCHASE OF U.S. FIGHTER AIRCRAFT

5. *The Minister of National Defence* requested consideration of an urgent matter relating to the purchase of fighter aircraft for the R.C.A.F.

On July 29th, 1948, the Cabinet Defence Committee had approved purchase of 27 Vampires from the United Kingdom to meet R.C.A.F. requirements. Subsequently, however, it had been ascertained that delivery of a great number of these aircraft would be delayed for a long period.

In October, 1948, the Cabinet Defence Committee had approved purchase of 56 of the more modern F.86A jet fighters from North American Aviation Corporation, through the U.S.A.F., in substitution for the Vampires authorized previously. The U.S. government had indicated that 36 of these aircraft could be supplied at an early date.

Plans were presently under way for the manufacture in Canada of two types of fighter planes, the F.86A and the A.V. Roe All-weather Fighter. The Canadian manufacturers, however, would not be in a position to make deliveries for a period of at least two years.

It was considered that the 36 F.86A planes from the United States would meet R.C.A.F. requirements during this two-year period.

6. *Mr. Claxton* pointed out that, under existing U.S. laws, these 36 planes would have to be paid for very largely in advance.

The total amount involved was approximately \$10.5 million, and this amount would have to be provided through a further supplementary estimate prior to March 31st of this year.

7. *The Minister of Finance* observed that, although the 36 planes in question would be purchased with monies provided in the current fiscal year, the amount would actually constitute an addition to the \$375 million defence programme approved by Cabinet for 1949-50.

8. *The Prime Minister* drew attention to the relationship of such purchases to the Canadian balance of payments with both the United States and the United Kingdom.

Substitution of American F.86A's for British Vampires would have the immediate effect of disposing of a considerable amount of our U.S. dollar reserve. At the same time, the United Kingdom would be deprived of a possible source of Canadian dollars with which to buy our products.

Following his conversations with the President, however, he was hopeful that some arrangement could be made whereby purchases of Canadian produced defence equipment by U.S. forces would offset Canadian defence purchases in the United States. Such an arrangement would avoid the necessity of using U.S. dollars for military rather than for normal civilian purposes.

9. *The Cabinet*, after considerable further discussion, deferred decision on the proposal of the Minister of National Defence for the purchase of U.S. jet fighters for the R.C.A.F., pending consideration with U.S. authorities of means whereby the exchange difficulties involved in such transactions could be met; the Prime Minister, the Minister of National Defence and the Secretary of State for External Affairs to confer with the U.S. Ambassador on the subject at an early date with a view to the working out of a mutually satisfactory arrangement.

922.

DEA/52-N(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Memorandum from Department of External Affairs
to Ambassador of United States*

SECRET

[Ottawa], March 28, 1949

PURCHASE OF MILITARY EQUIPMENT AND SUPPLIES: UNITED STATES-CANADA²⁸

1. There are two main reasons why the United States would want to place orders for military equipment and supplies in Canada:

(a) because it will maximize the wartime industrial capacity of the two countries; and

(b) because it will provide the basis for an "exchange" of military equipment and supplies which is needed if the Armed Services of the two countries are to be equipped to best advantage.

2. Canada's physical capacity to produce military equipment and supplies is far in excess of the wartime requirements of the Canadian Services. In the last war 70% of Canadian war production was for the use of the United States, the United Kingdom and other allies. Should another war come, the full industrial potential of both countries will be urgently required.

3. It is impossible for Canada to plan war production without knowing what other countries will need. If the best use is to be made of North American resources, Canada should know now what items are likely to be called for. And if items are needed now for which Canada is the logical wartime producer, Canada ought to be in a position to produce them for use when needed.

4. In order to get the benefits of mass-production in certain fields, Canada must make purchases in the United States. In many lines, United States production is cheaper and deliveries are quicker; in many lines, the Canadian need is so small that it does not justify going into production, particularly in peace-time. However, large purchases by Canada of military equipment and supplies from the United States produce financial problems between the two countries unless there are counterbalancing purchases in the opposite direction.

5. This was evident during World War II. In 1940-41, Canada was making heavy defence purchases in the United States and Canadian reserves of U.S. dollars began to fall. In order to conserve United States dollars for war needs, Canada imposed severe restrictions on many lines of civilian imports from the United States and on

²⁸ Cette note fut préparée en réponse à une demande de la part de l'ambassadeur des États-Unis, lors d'une rencontre avec Pearson et Claxton le 2 mars 1949. Elle fut approuvée par Claxton et par les ministères des Finances et de Commerce.

This memorandum was prepared in response to a request from the American Ambassador at a meeting with Pearson and Claxton on March 2, 1949. It was approved by Claxton and by the Departments of Finance and of Trade and Commerce.

pleasure travel in the United States. Nevertheless, Canadian reserves of U.S. dollars continued to fall.

6. To deal with this situation, President Roosevelt met with Mr. Mackenzie King in April 1941 and as a result of their discussions they issued the "Hyde Park Declaration". Under this Declaration, the United States Government bought about \$1¼ billions worth of war equipment and supplies in Canada. These purchases just about balanced the purchases of equipment and supplies that Canada made in the United States. In other words, there was an approximately equal balance of trade in these items during the war period.

7. In May 1945 at the request of the United States Government, the principles of the Hyde Park Declaration were extended into the postwar transition period. This agreement, embodied in an exchange of notes, has not been terminated.

8. Canada's ordinary peacetime trade with the United States may be distinguished from trade in military equipment and supplies. During the past year or two Canada has had difficulty in paying for its ordinary peacetime imports from the United States. Restrictions on imports from the United States and restrictions on pleasure travel in the United States have had to be imposed once again. Despite this, Canada still buys more from the United States than the United States buys from Canada. A further accentuation of this out-of-balance position brought about by the purchase of equipment would not be in the economic, financial, or strategic interest of either country.

9. Further restrictions might have to be imposed if Canada now bought more military equipment and supplies in the United States and if the United States did not reciprocate by making similar purchases in Canada. Restrictions on United States imports into Canada are damaging both to United States producers and exporters and to Canadian importers and consumers.

10. If the principles of the Hyde Park Declaration can again be extended, with a view to preventing the outbreak of another war, it should be possible to arrange for reciprocal purchases. These purchases should cover military stores, components and parts. The aim should be to achieve an approximate balance in purchases of these items between the two countries.

11. As a preliminary guide to the purchases that might now be made in Canada, a list is attached in Appendix A. This covers, in general terms, finished items of military stores and equipment which Canada can supply to the United States without substantial changes in present plant facilities. Generally speaking, given orders of economic size, Canadian industry compares well with United States industry in efficiency and cost.

12. Two final points deserve emphasis. First, Canada is one of the few Allies of the United States that is willing and able to pay its own way. Subject to the possible desirability of loans of certain equipment, Canada does not look and has never looked to the United States for gifts of equipment and supplies, nor does Canada look to the United States to finance Canadian production. What Canada wants is an arrangement whereby purchases of military stores and equipment will be kept in balance, based on the special capacities of Canadian industry and the limited but specialized needs of the Canadian Services. Experience shows that, by such an

exchange, the resources of the North American continent can be "pooled" and thus used to best advantage.

13. Second, the more equipment and supplies the United States buys in Canada, the more Canada can afford to buy in the United States. Increased purchases in both directions will thus hasten the time when the Canadian forces can adopt equipment of United States pattern as their standard. Indeed without some such measure it would not be practicable to make substantial progress in standardization.

[PIÈCE JOINTE/ENCLOSURE]

APPENDIX "A"

Ottawa, March 28, 1949

ITEMS OF MILITARY EQUIPMENT WHICH COULD BE PRODUCED IN CANADA FOR EXPORT

1. *Small Arms*

All types of Small Arms up to 30 M/M calibre, together with their ancillary equipment. This covers such personal weapons as:

Rifles

Machine Carbines

Pistols

Revolvers

Automatic Machine Guns—Light

—Medium

—Heavy

20 M/M Cannon.

2. *Guns*

Guns, including all ordnances, having a bore of 30 M/M or larger up to 6", together with their ancillary equipment.

3. *Small Arms Ammunition*

All calibres.

4. *Gun Ammunition*

All calibres up to 6".

5. *Explosives, Propellants, etc.*

Including: T.N.T. R.D.X., and Tetryl
Rifle, Cannon and Flashless Cordite
Picrite
Hexachlorethane, Carbamite and Phosgene.

6. *Precision Instruments*

All types both optical and non-optical, and electric and electronic devices.

Radar: Anti-aircraft fire control
 Coast and Field artillery fire control
 Mobile and fixed early warning equipment
 Navigation
 Training and test equipment

7. *Jet Engines*

There has been developed and is now under test a jet aircraft engine from which very satisfactory results have been obtained. Officers of the U.S. Air Force have attended certain of the tests.

8. *Jet Aircraft*

There has been developed a jet all weather long range fighter which is scheduled for test flight in June.

9. *Mechanical Transport*

Military Types and conventional types—up to 3 tons. \$25,000,000 within 6 to 12 months from dates of orders.

10. *Ships*

Steel Naval Craft—Anti-submarine escort vessels, Corvettes, Minesweepers and Patrol Vessels.

Harbour Craft—steel and wood of all sizes such as tugs, launches, tenders, scows, auxiliary tankers, barges, lighters and rafts.

Naval Vessels—dry cargo ocean-going vessels of all kinds up to 18,000 tons; tankers up to 26,000 tons; upper-lakers up to 650' in length.

Propulsion machine and equipment—

The capacity of the yards is estimated in addition to small craft as 120,000 dead-weight tons per month for cargo vessels and tankers; 90,000 displacement tons per month for naval vessels.

11. *Military Stores*

Military uniforms—military greatcoats—underwear, woollen-socks, woollen-boots—webb equipment—blankets—barracks stores.

About \$47,175,000.00 per year. Deliveries one to four months from orders.

923.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, May 4, 1949

...

DEFENCE PURCHASES IN THE UNITED STATES

16. *The Minister of National Defence*, referring to discussion at the meeting of April 26th, reported that the United States authorities wished to have available a list of military equipment which the Canadian government would wish to buy during the coming U.S. fiscal year. The list would be for use at the time of consideration of the draft Military Assistance Bill. It would probably not be made public but this was not certain.

17. *Mr. Claxton* proposed that he concert with the Minister of Trade and Commerce, the Minister of Finance and the Secretary of State for External Affairs in preparation of a despatch to Washington setting forth such a list on the basis of a statement of intention by the Canadian government but without any commitment.

18. *The Cabinet* noted with approval the report of the Minister of National Defence.

924.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

Ottawa, May 18, 1949

...

DEFENCE PURCHASES; CANADA-UNITED STATES

18. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of May 4th, submitted a draft communication for transmission to U.S. authorities, indicating the importance that Canada attached to provision in the proposed Foreign Military Assistance Bill for:

- (a) Canadian military purchases from the U.S. defence authorities;
- (b) U.S. defence purchases in Canada; and
- (c) "off-shore" defence purchases in Canada.

This had been prepared in answer to an urgent request from the U.S. State Department. It emphasized Canada's intention to pay for military requirements from the United States and explained why it was desirable to purchase from U.S. defence departments rather than from manufacturers. The U.S. State Department has also asked for a list of Canadian requirements from U.S. sources in the U.S. fiscal year ending June 30th, 1950. The need for such a list had originally been suggested in the Permanent Joint Board on Defence. A brief list showing the estimated value of

purchases by major categories of equipment had now been prepared and was submitted for approval.†

Both the statement and the list would likely be made public in the United States and they had been prepared with that in mind.

An explanatory document was circulated.

(Letter, Secretary of State for External Affairs to Minister of National Defence, May 16, 1949—Cabinet Document 970).†

19. *Mr. Pearson* reported further that the matter had been considered at that afternoon's meeting of the Cabinet Defence Committee, who had agreed to recommend that the statement and list be sent to the Canadian Ambassador in Washington for transmission to U.S. authorities.

20. *The Cabinet*, after discussion, noted with approval the report of the Secretary of State for External Affairs, and:

(a) approved the draft communication in support of the U.S. Foreign Military Assistance Bill for communication by the Canadian Ambassador in Washington to the U.S. State Department;

(b) agreed that a list of military equipment required from U.S. Service departments during the coming U.S. fiscal year be compiled along the lines of the draft submitted and communicated informally to the U.S. State Department by the Canadian Ambassador in Washington.

925.

DEA/52-N(s)

*Aide-mémoire de l'ambassadeur aux États-Unis
au département d'État des États-Unis*

*Aide Memoire from Ambassador in United States
to Department of State of United States*

Washington, June 3, 1949

AIDE MEMOIRE²⁹

Reference is made to recent discussions between officials of the Governments of the United States and Canada about matters of military procurement which are of mutual interest. Pursuant to these discussions, the Canadian Government hopes that the United States Government will take certain aspects of procurement into consideration in connection with the foreign military aid programme that is now under study in Washington.

At the present time, there is no United States legislation in operation under which the Canadian Government can purchase either military equipment in stock or new military equipment from or through the United States defence authorities; it is

²⁹ Livré au département d'État par l'ambassadeur Wrong le 3 juin 1949. Il fut rédigé à partir de l'ébauche prise en considération par le Cabinet le 18 mai 1949.

Delivered to the Department of State by Ambassador Wrong on June 3, 1949. This was based on the draft considered by the Cabinet on May 18, 1949.

only open to Canada to buy ordinary military stores of United States origin from private manufacturers.

Very considerable progress has been made by Canada and the United States in the planning of measures for full co-operation in the defence of the North American continent. These arrangements are based on the need that the armed forces of the two countries should work closely together and should have maximum interchangeability of equipment. The inability of Canada to procure military equipment of types used by the armed forces of the United States is, however, proving to be a serious obstacle to satisfactory implementation of joint defence plans, and progress toward standardization of equipment is hampered.

In the light of this situation, at its meeting on June 3-4, 1948, the Permanent Joint Board on Defence (Canada-United States) recorded "its unanimous and strong conviction that the difficulties preventing Canada from procuring weapons, munitions and materials from the United States constitute the greatest single obstacle to satisfactory progress in the implementation of U.S.-Canada defence arrangements". The Board "recommended that no effort should be spared to ensure, with the minimum delay, that the barriers to the procurement by the Canadian Services of weapons, munitions and material from the United States are removed".

At its meeting on December 16-17, 1948, the Board considered a statement of the reasons why it is important to both countries for Canada to be able to purchase military equipment of United States origin from and through the United States defence authorities rather than by negotiation with commercial firms. The principal portion of the statement that was considered at that time is attached.^{†30} As a result of its discussions at the December meeting, the Board made a formal Recommendation to the two Governments that long-term arrangements be effected which would "permit the military services of Canada to purchase military supplies, arms, equipment and weapons of war direct from or through the United States Armed Services at cost price if the item is new and at an agreed depreciated value if used".

It remains the policy of the Canadian Government to pay for the military equipment and supplies that it obtains from the United States. In present circumstances of international exchange, however, larger Canadian military purchases in the United States would create difficulties in the balance of payments between the two countries unless such purchases were counter-balanced by similar United States purchases in Canada. It was a similar exchange situation in 1941 which led President Roosevelt and Mr. Mackenzie King to join in the so-called "Hyde Park Declaration", as a result of which the resources of the two countries were, in large measure, "pooled" for the purposes of war. War equipment and supplies were subsequently purchased in whichever country was in the best position to produce them. In May, 1945, at the request of the Government of the United States, the principles of this Declaration were extended into the post-war transition period. This arrangement, embodied in an Exchange of Notes, has not been terminated.

Canada has had difficulty, in the past year or two, in paying for ordinary peacetime imports from the United States. Despite emergency import and travel restric-

³⁰ Voir/See: Volume 14, Document 986.

tions which have had to be imposed, Canada still buys much more from the United States than the United States buys from Canada. An accentuation of this position by increased Canadian purchases of military equipment in the United States would obviously not be in the economic, financial or strategic interests of either country.

There have already been made available to the United States Government details of the military equipment and supplies that Canada is in a position to produce at this time and in the event of an emergency. As is well known, Canada's physical capacity to produce military equipment is far in excess of its requirements in peacetime or even under war or emergency conditions. During the war, for instance, about 70% of Canadian war production was for the use of the United States, the United Kingdom and other allies.

The events of the war and post-war periods have led, in both countries, to the recognition of the fact that increased United States defence purchases in Canada in accordance with the principles of the Hyde Park Declaration would have several advantages for both countries. By enabling the Canadian Armed Forces to obtain the equipment that they require, increased United States defence purchases in Canada would assist materially in strengthening continental security. Furthermore, such a programme would enable more rapid progress to be made in the implementation of Canada-United States defence arrangements including, of course, both the standardization and the use of equipment. It would also assist in developing to the greatest possible extent the industrial capacity available to both countries in an emergency and ensure the most advantageous use of the resources of the continent.

In view of the various factors outlined above, the Canadian Government earnestly hopes that any measure that may be considered by the United States authorities with a view to carrying out the foreign military aid programme will include provisions enabling the Canadian Government to purchase military equipment and supplies from and through the United States defence authorities and the United States defence authorities to make reciprocal purchases in Canada. Such provisions would be of very decided advantage to both the United States and Canada and without them it will not be possible to realize, within any reasonable period of time, the common defence aims and plans of the two countries.

[H.H. WRONG]

926.

DEA/52-N(s)

*Extrait du compte rendu de la Commission permanente
canado-américaine de défense*

Extract from Journal of Permanent Joint Board on Defence

SECRET

June 22-23, 1949

...
3. *Procurement.* With reference to Para. No. 3 of the Journal of March 17-18, 1949, the Canadian Chairman again emphasized the situation faced by the Canadian Services in regard to the procurement of military supplies and equipment in the United States. He mentioned the Canadian decision of several years ago to

work toward the standardization of arms and military procedures with the United States, and drew attention to the virtual impossibility of implementing this decision as long as Canada could not obtain equipment and spare parts from and through the U.S. National Military Establishment.

Regarding the purchase of F86 aircraft by the RCAF, the U.S. Air Force Member explained that efforts were still being made by the U.S. Section of the Board to bring this matter to a decision and it was thought possible that a favourable decision might be obtained within the next few weeks.

The U.S. Army Member referred to a provision of U.S. law which he had discussed with the Canadian Army Member as authorization for the transfer of items of military equipments to Canada under an Exchange Contract. For example, this might be utilized to solve the question of Canadian tank spares. He stated that the Canadian Government had accepted in principle the procedure suggested by the U.S. Army and negotiations could be begun at any time under this exchange program. It was pointed out that the transfer of any items of equipment under an exchange contract would require the approval of the Canadian authorities and the Department of the Army.

The U.S. Chairman referred to a memorandum on procurement, which had been prepared by Canadian officials and handed to the American Ambassador in Ottawa during March, 1949. This memorandum had been brought to the attention of both the Joint Chiefs of Staff and the U.S. Munitions Board by the U.S. Section. Its contents had been fully discussed with the Chairman of the Munitions Board and its text had likewise been referred to the Foreign Assistance Correlation Committee (FACC). The latter Committee will be involved in the planning for any U.S. purchase of military equipment abroad for provision to third countries under Article 3 of the North Atlantic Security Pact.

The Canadian Chairman expressed his confidence that the U.S. Section of the Board fully and sympathetically understood the Canadian procurement and supply position and, in certain cases such as the R.C.N. rearmament programme, the importance of an early favourable decision.

927.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, July 26, 1949

AIR FORCE; PROCUREMENT OF FIGHTER AIRCRAFT

1. *The Minister of Trade and Commerce* submitted a recommendation to Council to authorize entry into a contract with Canadair Limited, Montreal, P.Q., for the production of 100 U.S. type fighter aircraft together with certain specified accessories.

The procurement of these aircraft was part of the approved Air Force programme. Canadair Limited has been selected as the firm in Canada best in a position to complete the contract to the satisfaction of the Department of National Defence. Under the terms of the proposed contract, special tools and capital equipment (including engines) would be provided by the government and these would have to be purchased by the United States.

The expenditure involved was at present estimated to amount to about \$24 million, excluding "government-furnished property"

To meet the progress payments under the proposed contract, an additional sum of about \$4,778,000 must be provided in supplementary estimates for the current year. This had been discussed with the Minister of Finance who concurred.

In addition, a further sum might be required this year to deposit with the U.S. Treasury and pay customs duty and sales tax on purchases there.

2. *The Cabinet*, after discussion:

(a) approved the letting of a contract with Canadair Limited, Montreal, for the production, with certain government-supplied components and accessories, of 100 F-86A fighter aircraft at an estimated cost of about \$24 million and upon terms and conditions to be settled by the Minister of Trade and Commerce; and Order in Council to be passed accordingly;

(Order in Council P.C. 3230 of July 26, 1949)†

(b) agreed that provision for an expenditure of about \$4,778,000 (and for other possible expenditures subject to the approval of the Minister of Finance) be included in the supplementary estimates of the Department of National Defence for 1949-50.

928.

DEA/325-A(s)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2119

Ottawa, August 29, 1949

SECRET

U.S. Military Assistance legislation.

1. Cabinet decided August 24 that I should ask you to take up, as a matter of urgency, at the highest possible level in the State Department—preferably with Acheson—the omissions of the present Bills. It would be appreciated if you would make strong oral representations covering outstanding points.

2. You will recall that our desiderata are:

(a) Authority for Canada to purchase stocks of defence equipment from the U.S. defence authorities and to place orders for new equipment through these authorities—payment to be made on delivery or progress;

(b) Authority for the U.S. Government to make defence purchases in Canada for other countries;

(c) Authority for the U.S. Services to make defence purchases in Canada for their own use;

(d) Authority for these three types of purchases to continue indefinitely.

3. The main omissions of the Bill, passed by the House on August 18 and the Bill at present before the Senate Committee, appear to be the absence of authority for U.S. defence purchases in Canada for U.S. account and the stipulation that Canada pay full cost in advance.

4. You might remind Acheson that the first question has been discussed with the U.S. authorities on a number of occasions and at the highest levels (the Prime Minister's talk with Mr. Truman and him on February 12, discussions between Cabinet Ministers and Mr. Steinhardt, the lengthy memorandum given to Mr. Steinhardt, at his request, on March 31 (our despatch No. 951 of April 1),† the comprehensive aide memoire delivered to the State Department on June 3 and, most recently, the meeting of Secretary Johnson with Cabinet Defence Committee on August 12, when he gave us to understand that he intended to press the matter vigorously on his return to Washington.)

5. Whenever the matter has been discussed on such occasions there appears to have been full recognition, on both sides, that it is important to make the most effective use for defence of our combined resources; that unless the two Governments are free to make defence purchases in both countries their resources can never be put to their most effective use; and that the current legislation would provide the only foreseeable opportunity for putting industrial co-operation for defence on a working basis. As a result of these discussions and the attitude displayed by Johnson recently, we had reason to believe that energetic steps would be taken in Washington to settle the matter satisfactorily and, judging from press reports, some Congressmen at least have expressed themselves in favour of the idea of mutually supporting defence purchases. On this question, however, Johnson's reply to Mr. Claxton's teletype EX-1973 of August 12³¹ merely recognizes this omission in the Bill, states that the "buy American" Act therefore remains operative (as we know), and does not suggest that he is making any attempt to get into the current Bills authority for U.S. defence purchases in Canada.

6. As regards the full-cost-in-advance provision, we hoped that the legislation would permit us to pay on delivery in the normal manner—which, of course, would be satisfactory to all concerned in Ottawa. Trade and Commerce believes that the solution suggested by Berkner (paragraph 4 of WA-2231 of August 20)† is workable from this side and would like the U.S. authorities to confirm that it is entirely workable from their point of view. National Defence, on the other hand, have no confidence in anything short of statutory authority that would ensure our obtaining our needs from U.S. sources in the event of the U.S. Defence Budget being so reduced as to make it impossible for the U.S. Government to carry the progress payments that would be payable on orders for delivery under long-term contracts.

³¹ Voir/See: Documents 909-910.

7. Points (b) and (d) in paragraph 1 above appear to be met by the legislation at present before Congress, but it would be well to remind Acheson that we attach considerable importance to their not being deleted before the enactment stage.

8. It would also be appreciated if you would leave with Acheson an aide memoire outlining the points that you make to him. I assume that you will let me have a full report of the action taken.

929.

DEA/52-N(s)

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Under-Secretary of State for External Affairs
to Ambassador in United States*

SECRET

Ottawa, August 30, 1949

Dear Mr. Wrong,

I should like to refer to Mr. Pearson's teletype EX-2119 of August 29 asking you to make renewed representations regarding the proposed U.S. Military Assistance legislation; to his teletype EX-2120 of this morning† quoting Secretary Johnson's reply of August 17³² to Mr. Claxton's teletype of August 12;³³ and the conversations that we have had today on the question of the form of the representations that you are making.

Mr. Pearson's EX-2119 was prepared yesterday after we had had Mr. Claxton's oral comments on a draft of August 25 of that message, as well as the comments of Mr. Pierce, who had discussed the matter with Mr. Howe. Mr. Pearson sent out EX-2119 without awaiting the final views of the Department of Finance on the full-cost-in-advance provision because Mr. Claxton expressed a desire yesterday to have a message go forward to you immediately and as our message in any case covered the two main points of view held in Ottawa on the advance payments provision.

I learned today that, after giving us his comments yesterday morning, Mr. Claxton had decided to incorporate them in a redraft of the draft teletype circulated in Ottawa on August 25. A copy of his re-draft reached me this afternoon, and I think that you will find it useful to have the main points made in it that were not included in EX-2119. They are as follows:

U. S. Defence Purchases in Canada

"The Government feels strongly that co-operation in industrial preparedness involving co-ordination and standardization can only mean anything as between Canada and the United States if it is done on a fair basis, that means, a two-way basis. Canada is the only country which has paid for everything she has got and which is likely to pay for everything she may obtain from the United States.

³² Document 910.

³³ Document 909.

Politically as well as financially, it would be impossible for us to make large purchases of equipment from the U.S. unless the U.S. was willing to buy Canadian-made equipment for use either in other countries or in the U.S. It seems to us to be running against the object of the U.S. entering in the North Atlantic Security Pact to continue the prohibition on such purchases imposed by American legislation."

Full-Cost-in-Advance Provision

"This would not present a serious obstacle in the case of purchases of equipment which has already been manufactured. Our law and practice is to pay against delivery. The difficulty would arise however in connection with our coming in with the U.S. Services in the procurement of new equipment so as to secure equipment to American standards with the advantage of the lower price for a larger quantity. Obviously the lowest possible price for any given equipment cannot be obtained unless the manufacturer knows in advance the quantity that has to be made. The manufacturer will not undertake to make equipment like tanks or guns unless a firm order is placed. It is certainly to be doubted if the U.S. Services could give such commitment in a way to include part of the order for Canadian account. In the first place that would earmark funds which it would need for other purposes. In the second place, it would run counter to the legislation. We on our side could not pay cash in advance because this would be counter to our law and our practice and we would not be able to find the money in any given year's appropriation.

"For these reasons we appreciate that the proposal made by Mr. Berkner would be of course better than nothing but we doubt very much if it would permit us to enter into the kind of arrangement which would be necessary in connection with any program of any considerable size. However, in this connection, it would be desirable to examine with the State Department officials how far it would be in accord with service and treasury laws, practices and intentions.

"Secretary Johnson when he was here felt that the two points I have mentioned should be covered by one means or another. He agreed that without that it would be difficult to make much progress in the way of co-ordination or standardization and indeed at the time (of his arrival) he felt that the bill dealt with the situation adequately. Mr. Steinhardt shares the same view. We appreciate the difficulties of the administration but feel strongly that it is only fair to point out that the adoption of the bill in the present form will almost certainly have the consequence outlined here and in our previous communications."

Dr. Clark's comments on the August 25 draft also reached me this afternoon. He is seriously worried about the practicability of Mr. Berkner's proposal. As it is an almost direct negation of the terms of the proposed legislation, he is hesitant to rely on the suggestion of one U.S. official that such a device can be worked out and doubts the wisdom of the Canadian Government's conniving in so obvious an evasion of the terms and intent of the current Bills. He therefore hoped that you would

not be too reassuring about the possibility of the Berkner proposal proving workable from the Canadian point of view.

Yours sincerely,
A.D.P. HEENEY

930.

DEA/325-A(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2351

Washington, August 31, 1949

SECRET

Your EX-2119 of August 29th, military assistance legislation.

1. I saw the Secretary of State this afternoon and left with him an aide memoire, the text of which is contained in my immediately following message.† Mr. Acheson asked Mr. Berkner to join us for the latter part of the conversation.

2. I emphasized the two respects in which the legislation in its present form appears to be unsatisfactory—the requirement that the full cost must be paid in advance when an order is placed through the United States Defense authorities, and the omission of authority for United States procurement in other countries for the use of their own forces. I said that the legislation appeared to meet our needs with respect to Canadian purchases of equipment from United States stocks and with respect to United States procurement in Canada for delivery to other countries.

3. With regard to our first difficulty, Acheson said that the Secretary of Defense had raised this matter after his return from Canada and he understood that an amendment had been worked out between him and Senator [J.C.] Gurney, the ranking Republican member of the Military Affairs Committee. Berkner, however, said that this amendment had been dropped. Berkner went on to express complete confidence that the present provision would not embarrass Canadian procurement and that arrangements could readily be made whereby the equipment manufactured on contract would only have to be paid shortly before delivery. He said that if, for example, Canada wished to secure United States-type service aircraft, arrangements might be made through service channels whereby it would be agreed that Canada would get a specified number of planes from production a couple of months later, the cost to be deposited perhaps a month before delivery. I said I was not at all sure that this would work in practice and asked for a reply in writing to my aide memoire which would spell out the procedure that could be followed.

4. With regard to procurement in Canada for the United States forces, Acheson said that authority for such procurement abroad had been deliberately omitted from the Bill on the ground that it would make the Bill take in too much territory and prejudice its adoption. He agreed with the long-term importance of such a provision, but thought it would have to be included in a separate package. I spoke

emphatically not only of its importance as an aid to standardization and continental defence, but as a means of doing something to ameliorate the dollar problem of the other parties to the North Atlantic Treaty and of building up collective defence under that Treaty. In reply to a question from him, I said that I understood that the "Buy American" Act in effect restricted United States procurement abroad for the United States forces to the purchase of raw materials and semi-processed goods.

5. When Berkner joined us, however, he said that his understanding was that the Bill would permit the United States to procure abroad for its own use. I told him that this was not the view of Secretary of Defense, mentioning Mr. Johnson's reply to Mr. Claxton on this point (your EX-2120 of August 30th).† Neither Acheson nor Berkner was familiar with the effect of the "Buy American" Act in this field, and Berkner undertook to go into the question immediately.

6. I asked that I should be given reply in writing to my aide memoire so that we might have an official interpretation of the legislation on these two points. Berkner said that he would prefer to wait until the Bill had passed the Senate before giving written interpretation. I then asked him to consider the matters further and to have another conversation with me as soon as possible. There is little or no chance of any amendment to the Bill to meet our wishes during the committee stage in the Senate.

7. As to the status of the measure, an attempt was made this morning to report it from committee, but this failed of adoption and the two committees which are considering it jointly will meet again next Wednesday. The Senate is expected to take a week's adjournment from this evening, provided that action has been finished on the minimum wage measure, which now has the floor. Acheson was very disappointed to learn from Berkner that the measure was still stuck in committee.

931.

DEA/325-A(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2428

Washington, September 7, 1949

SECRET

Following for Heeney, Begins: Re Military Assistance Programme.

1. Matthews discussed with Berkner and Snow the points raised by Mr. Claxton which were set out in Mr. Heeney's letter to Mr. Wrong of August 30th.

2. Since my discussion with Acheson on August 31st, Berkner has had a further study made of the procedures that would be possible under Military Assistance Act in its present form. Berkner is now in agreement with our interpretation as to what may be possible under the Bill and, while he will have a further study made, he is not hopeful that it will be possible for the United States to purchase for its own use in Canada.

3. Berkner stated that there is an informal agreement with Congressional leaders not to suggest further amendments this year as amendments put forward by the Administration at this time might result in serious delays.

4. He stated that the Administration considered amendments would be easier to obtain after the Defence Organization and plans of the Atlantic Treaty Powers had been established. He did not anticipate difficulty in obtaining amendments that experience showed to be necessary for the operation of that Organization and those plans.

5. Berkner clarified his earlier suggestion of the procedure that could be adopted when making Canadian purchases from current United States production. He stated that orders were normally placed to establish a production rate for any given item of supply and that this rate would be maintained over a period of years. An order for the long term needs of the United States forces would not be placed at one time since this would tie up too large a proportion of authorizations granted to the Defence Department. Orders would be placed from time to time as was needed to maintain the production rate.

6. Berkner did not believe that Canadian requirements would normally be large enough to increase the production rate that would be set to fill United States requirements. The result would be that Canada could normally buy finished products as they were available for delivery to the United States armed forces. While arrangements might be made in advance between the armed forces of the two countries as to the Canadian requirements the actual orders placed by the United States forces would not normally be increased on account of Canadian requirements and, therefore, the practice would not violate Treasury laws and practices as mentioned by Mr. Claxton. Canada could place orders and pay shortly before delivery.

7. Financial difficulties would not be experienced by the United States Department of Defence since the Military Aid Bill authorizes that Department to retain and to spend money received by it for sales to other countries.

8. Mr. Snow advised Matthews after they had left Berkner's office that the Munitions Board is not yet convinced that United States purchases in Canada are possible quite apart from the terms of the Bill. While their reluctance to consider such purchases is based largely on political considerations, Snow left the impression that quite apart from these considerations the Munitions Board at least lacked enthusiasm. This lack of enthusiasm apparently arises from the fact that the list of those items which Canada has stated can be provided is made up largely of the very things for which there is surplus capacity in the United States.

9. Snow stated that he and Berkner are again trying to change the point of view of the Munitions Board but that they are having difficulty owing to the departure of senior officers who have not yet been replaced. Ends.

932.

DEA/52-N(s)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-2668

Washington, September 26, 1949

SECRET

Today when a member of my staff was seeing Mr. Snow of the State Department on another matter, Mr. Snow advised him that in preparation for the meeting of the PJBD he had been reviewing all developments concerning military procurement. He stated he had had discussions with representatives of the Munitions Board.

2. Mr. Snow followed on by saying that the further examination and discussions convinced him procurement from current production in the manner suggested by Mr. Berkner, as reported in my WA-2428, was quite feasible.

3. He also said that under the MAP legislation, as it at present stands, there would appear to be no legal difficulty to off-shore purchases, provided policy decisions went as far as the legal authority.

4. He then said that the regulations under which the Buy-American Act was administered authorized purchases abroad for use in the United States if there was a price advantage from foreign purchase of 25 percent or more. However, the Defence Department would probably not buy outside of the United States even though the saving were greater than 25 percent. He stated that this was the attitude of the Munitions Board and of the operating levels in the Defence Department because of the great pressures that would be placed upon them by management and by labour unions in addition to the desire of the Defence Department to keep American productive capacity of military equipment as fully tuned up as possible. He stated that this attitude on the operating levels could only be changed if real pressure was exerted by the President, the Secretary of State or the Secretary of Defence.

5. When it was pointed out that this attitude differed from the impression created in Ottawa during the visit of the Secretary of Defence, Mr. Snow said that there was a big gap between the acceptance of a matter as a general principle and its actual implementation in the placing of orders.

6. Mr. Snow was then questioned as to whether his distinction between the legal possibility and the policy decision regarding off-shore purchases implied that the same considerations would limit such purchases under MAP. He stated that with the present attitude prevailing in the Defence Department and the Munitions Board, it was probable that this would be the case. 7. Mr. Snow then went on to say that personally he was thinking about the possibility of maintaining offsetting accounts for all military expenditures by Canada in the United States and the United States in Canada. If his thinking is adopted by the United States authorities, it is quite possible the argument will be used that the very large expenses on present military

installations, etc., in Canada by the United States should be considered as items offsetting any Canadian purchases of military equipment for United States dollars.

933.

DEA/52-N(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le sous-ministre de la Défense nationale*

*Memorandum from Under-Secretary of State for External Affairs
to Deputy Minister of National Defence*

Ottawa, October 18, 1949

MILITARY PROCUREMENT IN THE UNITED STATES

You will recall that, in teletype No. EX-1318 of May 20,† we sent to Washington a list of military equipment, valued at \$20 million, that Canada appeared likely to want to purchase in the United States during the United States fiscal year July 1, 1949–June 30, 1950.

2. When discussing the question of military procurement at the meeting of the Permanent Joint Board on Defence on October 11–12, General Henry, Chairman of the United States Section of the Board, tabled a paper which, insofar as the fiscal year list is concerned, read as follows:

“In response to a request from the U.S. National Military Establishment, transmitted through the Secretary of the U.S. Section of the Defense Board, the Canadian Government in May 1949 made available a schedule of the military equipment which it intended or expected to procure from the United States during the fiscal year 1950 (July 1, 1949 to June 30, 1950). This schedule was broken down into four major categories, and showed a total estimated cost of twenty million dollars (presumably U.S. dollars). Officials responsible for the administration of the new Mutual Defense Assistance Act have drawn to the attention of the U.S. Section the desirability of Canada's providing a detailed breakdown of this schedule at an early date. The productive capacity of the U.S., as well as existing military stocks, have certain limits which will make it necessary for equipment and materials to be programmed and allocated as between the various countries eligible to receive grant or cash procurement aid. An early amplification of the Canadian schedule of last May, or any amended schedule Canada may wish to submit, will go far to insure that Canadian requirements are adequately considered in the process of completing the allocation program for the current fiscal year. I cannot too strongly emphasize the importance of this last statement.”

3. The U.S. Section recognized that Canada's requirements might have undergone changes since the May list was submitted. They, therefore, strongly urged:

(1) Immediate provision of a detailed revised list of Canada's requirements (during the fiscal year mentioned) *as presently foreseen*.

(2) If the revised, up to date list mentioned in (1) is not at present available, immediate provision of the latest available list, and provision as soon as possible thereafter of a list of the type mentioned in (1).

4. It will be seen that the attached teletype, No. WA-2883 of October 17† from Washington, which also deals with other aspects of the procurement question, requests that a list be made available by the end of this week, adding that the U.S. authorities would like the list to show the priorities attached to delivery of the various items desired and, wherever possible, that provision of the equipment will assist the U.S. as well as Canada. Information is also desired as to the status of negotiations for the procurement of individual items and as to specific difficulties that have arisen in each case. I should appreciate it if you would be good enough to let me know at your earliest convenience what reply I should send to Washington. I think you will agree that it is very much to our advantage to endeavour to meet the U.S. authorities' requests in this connection as soon as possible.

5. I am attaching a copy of Minute No. 11, from the P.J.B.D. Journal of October 11-12,† from which it will be seen that the Board made a formal Recommendation calling for adequate off-shore purchases under M.A.P. as an interim measure to balance Canadian defence purchases in the United States and ultimate amendment of the Mutual Defense Assistance Act to permit military purchases in Canada for the use of the U.S. Forces. As this Recommendation still has to go forward to the President through the U.S. Defense and State Departments, it is, I think, too early for it to be relevant to the proposed revised fiscal year list.

6. I should add that, as the general question of procurement was being handled through diplomatic channels, the Canadian Section, P.J.B.D., had not planned to press the U.S. Section on the general question of procurement at the Board's meeting last week. The U.S. Chairman, however, raised the desirability of action being taken at an early date to permit a balancing of defence purchases between the two countries. There, therefore, ensued a lengthy discussion of the matter. While the Canadian Section naturally contributed a number of points to the discussion, the major responsibility for drafting the attached Minute and Recommendation was left to the U.S. Section with a view to producing a text of a type most likely to result in action in Washington.

7. I am sending copies of this letter and of its enclosures to the Deputy Minister of Finance and the Associate Deputy Minister of Trade and Commerce.

R.A. MACKAY
for Under-Secretary of State
for External Affairs

934.

DEA/52-N(s)

*Sous-ministre de la Défense nationale
au sous-secrétaire d'État aux Affaires extérieures*
*Deputy Minister of National Defence
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, November 1, 1949

REF: PC 3230-26 JULY, 1949†

Dear Mr. Heeney,

The contents of your letter dated 18th October, 1949, on "Military Procurement in the United States", and of teletypes WA-2883 dated 17th October† and WA-2901 dated 19th October, 1949,† have been noted. The detailed list of current requirements of military equipment from the U.S. will be forwarded as soon as it can be completed.

This Department, in some degree, is aware of the problems requiring solution prior to procurement of military equipment from the U.S. Armed Services. As a result of preliminary discussions with the USAF, CJS and the Washington representatives of CCC, some of the problems of Canadian procurement of United States military equipment have been brought into focus. The gist of these discussions and the problems encountered are here summarised.

Under the terms of the contract with Canadair Limited, the R.C.A.F. is responsible for supplying to Canadair, for installation in the F.86A aircraft being produced by that firm, certain items of equipment known as "Government Furnished Property". This class of equipment includes armament, radar and jet engines which are normally under government control, and in the interests of standardization must be identical with similar equipment supplied to the U.S.A.F.

There is no present source in Canada for these items of equipment and procurement must be undertaken from American sources.

Recent legislation in the U.S. (the Mutual Defence Assistance Act) enables us to purchase directly from the U.S. Air Force. It is desired to take immediate advantage of this legislation to expedite Canadair production of the F.86A.

It is considered advisable to do so because:

- (a) The USAF control the production of the majority of the items involved.
- (b) By procurement from the USAF it will be possible to achieve and maintain standardization of the Government Furnished Property.
- (c) The heavy administrative burden of attempting to co-ordinate purchases from numerous manufacturers and the problem of getting appropriate US Government releases is avoided.

An officer of the RCAF recently visited the USAF authorities to investigate the procedure for purchasing Canadian requirements of Government Furnished Property from the USAF. RCAF requirements of Government Furnished Property for

the F.86A program were communicated to the USAF Air Materiel Command HQ (Procurement and Industrial Planning Division).

The USAF are willing to undertake the procurement and/or supply of Canadian requirements to Government Furnished Property. However, the USAF have advised that prior to any action on behalf of Canada, certain authorities and procedural directives are required.

In the first place, implementing instructions under the authority of the Mutual Defence Assistance Act have not been disseminated. No action toward supply of Canadian requirements can be undertaken until an appropriate directive is issued by the U.S. Department of Defence. Presumably the Defence Department cannot act until the State Department has laid down the action to be taken in accordance with the Mutual Defence Assistance Act.

In the second place, there is the question of Canada's "priority" position in the supply of requirements relative to other countries. While Canada and the Latin-American countries are not recipients of grant aid under the Mutual Defence Assistance Act, their requirements may in some degree compete with each other and with those of the countries receiving free military assistance.

It is understood that the U.S. is establishing appropriate "screening" agencies to approve the supply of the requirements of the various countries involved. Action in this regard is liable to take some period of time and in the interim Canadian production of the F.86A will be delayed unless Canadian requirements can be treated separate from those of grant aid countries.

There would seem to be grounds for special treatment in that Canada is paying cash for purchases and a program of standardization of equipment has been agreed by Canadian and U.S. authorities.

In the third place, there is the problem of "terms of payment". It is understood that the Mutual Defence Assistance Act provides for "cash in advance" in respect to supply of equipment to Canada and the Latin-American countries. The cash requirement for the F.86A Government Furnished Property, in itself, is estimated to be approximately eleven million (\$11,000,000.00) dollars (American) and there will be other Defence Department expenditures. The program on the F.86A production covers a period of over two years and it would be desirable to arrange payment on the basis of "cash on delivery". In any event, the USAF advise that the terms of payment must be established with the U.S. Government and appropriate instructions issued by the U.S. Treasury Department and/or the Bureau of the Budget to the U.S. Department of Defence before the USAF can undertake any procurement and supply action regarding Canadian requirements. As regards this question of payment, I would draw to your attention the assurances given by Mr. Berkner as reported in teletype WA-2428 of September 7, 1949.

A further problem is the question of the "channel of communication" between the RCAF and USAF in respect to the procurement of equipment by the RCAF from the USAF. Granting that formal procurement contracts will be the subject of action between the Canadian Commercial Corporation and the U.S. Department of Defence there will still arise numerous problems of detail in respect to variations of items, modifications of equipment, specifications and technical data. To attempt to

discuss these details through the formal channels would invite delays in the production program. Since the USAF is the sole source of supply, and they are supplying at cost, and since financial limitations will be imposed by the formal procurement contract, it would seem advisable, in the interest of efficiency, to establish a direct channel of communication between the RCAF and the USAF. To this end it is considered that the appropriate communication channel would be one which permitted RCAF Headquarters and RCAF Air Materiel Command Headquarters to communicate directly with USAF Air Materiel Command Headquarters, Dayton, Ohio. I understand that USAF is agreeable to this.

The foregoing sets forth in some detail the problems in respect of purchase of one type of equipment. Similar problems will arise in respect of other RCAF requirements as well as those of the Army and R.C.N. A solution such as that sought for the F.86A Government Furnished Property would be helpful as a general method of operation.

I should be grateful, therefore, if you could arrange to have these points raised with the U.S. authorities. It would be most desirable, however, in view of the fact that production of the F.86A is already underway in Canada, if this could be treated as a separate problem and consideration given to it in advance of obtaining a general solution.

Yours sincerely,
C.M. DRURY

935.

DEA/52-N(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le sous-ministre de la Défense nationale*

*Memorandum from Under-Secretary of State for External Affairs
to Deputy Minister of National Defence*

CONFIDENTIAL

Ottawa, December 5, 1949

PROCUREMENT OF F.86A ITEMS IN THE UNITED STATES

Mr. Snow, Head of the Canadian Section of the State Department, has suggested to Mr. Ignatieff of the Embassy in Washington that perhaps the best way to expedite special treatment for the F.86A items would be to have the Ambassador send a diplomatic note to the United States Secretary of State, setting out Canadian requirements in terms of items and quantities required and the special considerations which, in the opinion of your Department, would justify priority being given to your F.86A requirements under Article 408(e) of the Mutual Defense Assistance Act.

Mr. Snow said that the State Department and the M.D.A.A. authorities would be glad to co-operate in the drafting of such a note in a manner which might be calculated to obtain the results you desire. He suggested that it might state in effect that the Canadian Government wishes to procure, through the U.S. Military Establishment, under Article 408(e) of the M.D.A.A. of 1949, certain items in specified quantities required for the equipment of F.86A aircraft. It might then go on to give

supporting arguments for having these items handled separately from the general requirements for Canadian military procurement in the United States under the M.D.A.A.

The Embassy feels that Mr. Snow's suggestion provides a sensible way of bringing the F.86A items to the stage of more definite negotiations and of making some real progress in the matter. Moreover, the M.D.A.A. officials are in agreement with the suggestion.

The Embassy would like to know whether you would be agreeable to an approach to the State Department along the lines suggested. If so, it would like to have a rough draft of what you would like to have included in the communication. It would then be in a position to discuss the text of the draft informally with the State Department and M.D.A.A. officials so that the communication to the Secretary of State would have the form and content best calculated to serve our interests and to obtain action on the matter.

If Mr. Snow's suggestion is satisfactory to you, I should be grateful if you would be good enough to let me have at your earliest convenience the material justifying priority treatment under the M.D.A.A., for F.86A items that you would like to have included in the note. You will recall that the complete list of your F.86A requirements, attached to Mr. Ross' letter of November 24,† has already gone forward to Washington.

I should add that Mr. Snow also stated that the United States authorities had not yet given up hope of having the F.86A items dealt with outside of the M.D.A.A. machinery. Should this prove impossible, it will, of course, not be necessary to make use of the proposed note.

C.C. EBERTS
for Under-Secretary of State
for External Affairs

936.

CEW/Vol. 2130

*Conseiller, ambassade aux États-Unis
à l'officier responsable, Affaires du dominion,
département d'État des États-Unis*

*Counsellor, Embassy in United States
to Officer in Charge, Dominion Affairs,
Department of State of United States*

Washington, December 9, 1949

Dear Mr. Snow,

With reference to our previous conversations concerning Canadian requirements for procurement of military equipment under the Mutual Defence Assistance Act, I attach herewith three copies of a letter from the Deputy Minister, Department of National Defence dated November 22, 1949, to the Under-Secretary of State for External Affairs,† which covers the lists of our requirements for the current fiscal

year. You will find that Mr. Drury's covering letter explains the scope and nature of the lists submitted and their arrangement in various categories.

Attached also is a letter dated November 24, 1949,† from the Deputy Minister of National Defence to the Under-Secretary of State for External Affairs covering a list itemizing the F.86A equipment which is required by Canada. You will recall that in our talk in your office on November 14th last, at which Mr. Galbraith was present, I spoke of the special urgency which attaches to the procurement of F.86A equipment on order to meet the Canadair production schedule for these aircraft. To expedite consideration of this matter, therefore, a detailed breakdown of our requests of F.86A equipment has been prepared in addition to a summary of our requirements of this equipment which is included as list "B" in our overall statement.

I should be glad to furnish any further explanations of the material enclosed, as may be required. In this connection, it is my understanding that you have been kind enough to suggest that a preliminary discussion should take place next Monday, at which time Mr. Galbraith might wish to comment on these enclosures and I should therefore be grateful if you would have a copy passed to him for his study.

Yours sincerely,
G. IGNATIEFF

937.

DEA/52-N(s)

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3488

Washington, December 23, 1949

CONFIDENTIAL

Military Procurement in the United States.

1. Discussions which have been proceeding on the working level to enable Canadian procurement of military equipment through the United States Military Establishment to proceed under the Mutual Defence Assistance Act have, as I reported in my message No. 3398 of December 13th,† revealed that there are still two obstacles to overcome before the contracts are placed. These are:—

- (a) the nature of the instrument, if any, which may be required to initiate procurement under the M.D.A.A., and
- (b) the method of payment which would satisfy the provision that the full cost shall be made available before the execution of contracts in Article 408(E) of the M.D.A.A.

2. We are informed by the State Department that there is a disagreement between Perkins, Assistant Secretary for European Affairs, and [James] Bruce, the Administrator of the M.D.A.A., on the necessity for a bilateral agreement to initiate Canadian military procurement. The State Department political officers, reporting to

Perkins, have expressed the opinion that no bilateral agreement or any other formal instrument is required to initiate our procurement of military equipment in the United States on the grounds that such arrangements flow naturally from existing mutual defence arrangements of long standing, which predate the North Atlantic Treaty as well as the M.D.A.A., and that no new inter-governmental obligations should arise under the M.D.A.A. On the other hand, the legal experts put the case that Congress had envisaged that any form of "assistance" extended by the United States Government under the M.D.A.A. should be subject to a bilateral agreement, according to the provisions of Section 402 of the Act. It is argued in this connection that the extension of the facilities of the United States military establishment for our procurement is a form of "assistance". We are informed that the kind of instrument proposed by the lawyers would refer to the provisions of Section 402 but would be a much briefer document than the draft of a bilateral agreement offered to the grant beneficiaries under the Act. This domestic disagreement is being settled, I understand, by appeal to the Under Secretary or Secretary of State.

3. With regard to the question of payment, we have been following up the suggestion made by the Department of Finance about using a letter of credit. At the informal discussion with representatives of the Department of State and M.D.A.A. officials, reported in my teletype 3398 of December 13th, the suggestion was put forward on our side in the terms which were reported in my despatch No. 3100 of December 13th.† It was stated at that time that the proposal to use a letter of credit seems to us to satisfy the requirements of Section 408(E) of the Mutual Defence Assistance Act which requires that the "full cost" shall have been made available before the execution of any contract.

4. The informal discussion at the State Department on December 13th, which was mainly directed to the examination of our list of requirements, led to the suggestion from the State Department that a further discussion should take place on the technical level to consider our proposal to use a letter of credit as the method of payment.

5. This discussion took place on Thursday, December 22nd. Ignatieff, Keith and Towe attending the meeting from our side. On the United States side, there were Snow and Wight from the State Department; Galbraith and Murphy, the Controller, from the M.D.A.A.; Vigdeman, the Legal Counsellor from the M.D.A.A.; Green, the Legal representative from the Pentagon, and an officer from the U.S.A.F.

6. At the outset of the meeting, Ignatieff set out the views on the letter of credit which had been communicated to me by Dr. Clark in a telephone conversation on December 20th, pointing out that a letter of credit which related payments only to deliveries and progress under the contract would, in fact, in our view, make available the whole cost as specified in Section 408(E) of the M.D.A.A.

7. On the United States side, it was explained, in the first place, that the officials in the Executive Branch of the United States Government responsible for administering the M.D.A.A. were required to be guided not only by the wording of the Act, but by the record of its legislative history. In this connection, they recalled that in the Senate Report of the Committee on Foreign Relations and the Committee on Armed Services (forwarded to you under cover of my despatch No. 2269 of September 27th†) the following statement occurs,—begins: "Provisions to this effect

(military assistance for cash) are included in the bill as sub-Section 408(E), and make it possible for Canada, which is joined with the United States in the North Atlantic Treaty, to strengthen her defences by purchasing equipment, materials or services from the United States...the effect of this particular provision of the bill is to enable these countries to procure on a cash basis military equipment and materials through the department of defence or, in certain cases, from other Government stocks. Technical advice and assistance in the application of the more advanced techniques and procedures can also be made available". Ends. There is a further sentence which occurs on page 23, which reads as follows:—begins: "The Committee anticipates that in the implementing of this 'cash-on-the-barrel-head' programme, the requirements of the participating countries for equipment and materials will be integrated with the requirements of the countries receiving aid on a grant basis". Ends. The United States officials said that this indication of the intent of Congress should be read in conjunction with the section by section analysis of the bill which, as it relates to Section 408(E), is found on page 37 of this report. The relevant portion of this analysis reads as follows:—begins "Advance payments will be required in amounts sufficient to cover the actual cost of items already in stock or the estimated cost of items for which contracts must be let, or for which actual cost may not be known. The recipient nation will also be required to agree to make an immediate deposit, on demand, of additional cost that may be incurred in the procurement". Ends.

8. The United States officials explained that this statement of intent and analysis which was contained in the Senate report on the bill cannot be overlooked by administering officials as it forms an essential part of the legislative history of the Act, although the interpretations given above of Section 408(E) do not appear in the report of the committee of conference between the two houses (Report No. 1346 of September 27th), which we had thought would be the governing document for purposes of interpretation.

9. In the light of this record of Congressional intent, the United States officials said that they were bound to approach our proposal for a letter of credit with due caution, particularly having in mind that no precedent exists for financing of procurement through United States Government channels without the full provision of cash in advance.

10. They indicated, however, that there was a full appreciation of the mutual interest which would be served by trying to go as far as the United States law permits in developing a method of payment which would be acceptable to us. There were certain points, however, that they felt they must advance on their side to protect their position under the law as follows:—

(a) The unqualified form of a letter of credit, in itself, would be stretching their concept of the legal intent;

(b) They could not entertain a provision in the letter of credit which would relate drawings to either deliveries or progress payments;

(c) They would, however, anticipate that drawings would, in fact, be directly related to deliveries and progress payments but could only give assurance on this point through a letter of understanding or intent which would not have legal status.

11. On our side, it was made quite clear that our proposal for a letter of credit would include the provision that drawings would be related to deliveries and progress payments and that it was intended that a note would be addressed to the Secretary of State requesting consideration of this proposal.

12. On the United States side, the view was expressed that such a note would give the United States Government authorities concerned in the matter an opportunity to study their position within the terms of the M.D.A.A. The reply to our note, it was indicated, would probably suggest:—

(a) that an irrevocable letter of credit be drawn up covering the full amount of the contract and containing the right of the United States Government to draw under the letter of credit for the full amount of the contract; and

(b) that this letter of credit would be supplemented by a letter of intent on the authority of the Secretary of State, setting out the drawing arrangements which would be followed in the execution of the contract and implying, but not undertaking, that drawings would follow the arrangements set out in the letter, and

(c) that the letter of credit instrument would provide that authorization for drawings would have to come from the Secretary of State or his designated authority the Administrator of the M.D.A.A.

13. The United States officials, in concluding the discussion, said that this was as far as they thought they could go in meeting our position. They pointed out that the end result of such an arrangement would be to meet our position in substance namely, that drawings on the letter of credit would be based on deliveries and progress rates which would have to be determined throughout the life of the contract.

14. I have set out in my immediately followed teletype† the text of a note which I propose to address to the Secretary of State, if you agree. Your comments and guidance would be appreciated as soon as possible so that the matter might be expedited.

SECTION D

COMMANDEMENT DU NORD-EST NORTHEAST COMMAND

938.

DEA/50221-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], May 23, 1949

II. NORTHEAST COMMAND

2. *The Committee* had for consideration a memorandum from the Under-Secretary of State for External Affairs, concerning a draft proposal put forward by the United States military authorities for the establishment of a unified U.S. Com-

mand over U.S. forces located in Newfoundland, Labrador and Greenland. This Command, to be known as the "Northeast Command", would be responsible insofar as the U.S. responsibilities and interests were concerned, for maintaining the security of the Northeast Command and for participating in the defence of Canada and the United States against attack through the Arctic region. The Commander of the U.S. Northeast Command would be the single U.S. representative, with whom Canadian civil and military officials would carry out day-to-day discussions concerning problems affecting the U.S. military services now operating in the area.

(Memorandum of 14th May, 1949, from Under-Secretary of State for External Affairs—CSC 5-1-22 of 17th May)†

3. *The Chief of the General Staff* stated that, while there could be no Canadian objection to the U.S. authorities providing a unified command for the administration and control of the U.S. troops stationed in Newfoundland, Labrador and Greenland, the designation "Northeast Command" could only be interpreted as a regional command. Some other designation, which clearly limited the role of the organization to that of administration and control of U.S. troops, would be necessary.

4. *The Under-Secretary of State for External Affairs* suggested that the senior officials of the U.S. State Department probably were not aware of this proposal as the State Department did not usually permit references to the U.S. activities in Greenland. The establishment of the suggested organization under its present designation would undoubtedly give rise to publicity which would create the impression that the U.S. forces were responsible for the whole of the defence of Newfoundland.

5. *The Acting Chief of the Air Staff* suggested that, in the development of any U.S. forces' command organization, every effort should be made to have the area of U.S. administrative responsibility coincide with the boundaries of Canadian operational commands.

6. *It was agreed*, after further discussion:

(a) that the item should not be included in the Agenda of the next meeting of the Permanent Joint Board on Defence; and

(b) that a report on the U.S. proposal be prepared by the Joint Planning Committee in co-operation with the Department of External Affairs.

939.

DEA/50221-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], October 6, 1949

III. PROPOSED UNITED STATES NORTHEAST COMMAND

5. *The Committee* had for consideration a memorandum from the Secretary, Canadian Section, Permanent Joint Board on Defence, on the proposed United

States Northeast Command, together with a copy of a communication from the U.S. Joint Chiefs of Staff to the Acting Chairman, U.S. Section, Permanent Joint Board on Defence, on the same subject. The latter was in response to a request that the U.S. authorities further clarify the functions proposed for the Command in question.

On the suggestion of the U.S. Joint Chiefs of Staff, the U.S. Section were raising this matter for discussion at the forthcoming meeting of the Permanent Joint Board on Defence and the Canadian members of the Board wished to have some direction as to what line they should follow in the matter.

(Teletype WA-2770 of October 4, 1949, from the Canadian Ambassador, Washington†—Memorandum 17-K(s) of October 5th from the Secretary, Canadian Section, Permanent Joint Board on Defence—CSC 5-1-22 of 5th October)†

6. *The Under-Secretary of State for External Affairs*, referring to the discussion at the previous meeting of the Committee, reported that General McNaughton was being pressed by General Walsh³⁴ for an early decision on this question.

There was some doubt in his mind as to whether the U.S. proposal implied that they would have military control over the northeast area in wartime, or whether it was intended only as an administrative arrangement by which the United States would control their own forces in time of peace. If the latter were the case, presumably there would be no objection to the proposal.

7. *The Chief of the Naval Staff* expressed some apprehension that the U.S. proposal might be an effort on their part to establish operational control of the area in question. In this event it would, of course, be unacceptable. It was his view that the question as to who should control the area in time of war was a matter to be decided by the appropriate Regional Planning Group under the North Atlantic Treaty.

8. *The Chairman, Defence Research Board*, said that he felt that the U.S. Joint Chiefs of Staff memorandum made it quite clear that the proposed arrangements applied only to the control of the U.S. forces in the area.

9. *The Deputy Minister* [of National Defence] shared the view expressed by the Chairman, Defence Research Board, and suggested that the use of the designation "U.S. Forces, Northeast" instead of "Northeast Command" might remove the area connotation and hence any Canadian objection to the proposal.³⁵

³⁴ Le major-général R.L. Walsh, Aviation des États-Unis et membre du comité d'organisation, Commission permanente mixte de défense Canada-États-Unis.

Major General R.L. Walsh, United States Air and Steering Member, Permanent Joint Board on Defence.

³⁵ Ceci fut discuté de façon officieuse par les membres de la Commission permanente mixte de défense Canada-États-Unis. La section américaine donna son aval aux modifications et aux clarifications proposées, y compris la désignation «United States Forces, Northeast».

This was discussed informally at the Permanent Joint Board on Defence. The American Section agreed to the changes and clarification proposed, including the designation "United States Forces, Northeast".

10. *It was agreed*, after further discussion, that there were no objections to the arrangements set forth in the U.S. Joint Chiefs of Staff memorandum for a command over the U.S. Forces in northeastern Canada on the understanding:

(a) that it was a peacetime arrangement which had no relation to the overall control of forces in the area in time of war;

(b) that it applied only to the administration and control of the United States Forces; and

(c) that the Command be designated "U.S. Forces, Northeast".

SECTION E

EXERCICES MILITAIRES CONJOINTS
JOINT MILITARY EXERCISES

940.

DEA/17-H(s)

*Extrait du procès-verbal de la réunion du Comité
de la Défense du Cabinet*

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], March 14, 1949

...

III. PROPOSED COMBINED CANADA-U.S. WINTER EXERCISE—1950

7. *The Minister of National Defence* reported that the United States Army authorities had proposed informally that two winter exercises involving Canadian and U.S. troops be conducted early in 1950 in Alaska and the Canadian Arctic. The Chiefs of Staff had considered the proposals and had recommended approval for an infantry exercise of battalion strength and air co-operation in Alaska-Yukon. They had, however, reserved decision regarding the value of Canadian participation in an engineering exercise in the Canadian Arctic until further information was available.

It was understood that, if the Canadian reaction to the proposals were favourable, a formal request would be submitted through the State Department to External Affairs.

An explanatory note had been circulated.

(The Military Secretary's memorandum of March 12, 1949—Cabinet Document D220).†

8. *The Secretary of State for External Affairs* spoke of the desirability of keeping the exercise to the scale now contemplated and of avoiding undesirable publicity. All details concerning American participation should be known well in advance in order to ensure co-ordinated press releases.

9. *The Committee*, after further discussion, agreed that there was no objection to the conduct of the military exercises in the Kluane Lake-Whitehorse area on the

scale proposed and that, if a formal request were received from the United States, it be considered in the normal manner by External Affairs and National Defence.³⁶

941.

DEA/17-H(s)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

SECRET

[Ottawa], April 26, 1949

IV. "NORTH STAR"³⁷—PROPOSED COMBINED CANADA-U.S. WINTER EXERCISE—1949-50

13. *The Committee* had for consideration the formal request of the United States authorities concerning the proposed exercise.

(Memorandum of 14th April from the Under-Secretary of State for External Affairs (and attachments)—CSC 5-1-21 of 21st April, 1949)†

14. *The Under-Secretary of State for External Affairs* observed that the United States participation in the exercise now appeared to be somewhat larger than that contemplated when the matter was first discussed at Cabinet Defence Committee, and that the plan of the exercise had changed considerably.

15. *The Chief of the General Staff* pointed out that the scope of the exercise had not been altered and that the numbers involved were, if anything, slightly smaller. It was possible that when the matter had been discussed at Cabinet Defence Committee, administrative units which would be necessary to maintain the forces had not been considered. This had probably given rise to what appeared to be now an increase in the strength of the U.S. Forces participating. It would be preferable to obtain approval for the contemplated exercise in order that planning could proceed. If, in the course of planning, it appeared that the U.S. Forces were being increased or the scope of the exercise was being modified to any considerable extent, the matter could be referred to the U.S. authorities through the Department of External Affairs.

16. *The Chief of the Air Staff* felt that approval for the exercise should be given at this time so that the necessary Air Force and Army authorities could be advised and commence planning arrangements.

17. *The Deputy Minister* pointed out that the Minister of National Defence had agreed that formal approval could now be given as long as the substance of the exercise and the size of the forces conformed to those previously discussed at Cabinet Defence Committee.

18. *It was agreed*, after further discussion:

³⁶ Confirmé par le Cabinet le 24 mars 1949.

Confirmed by Cabinet on March 24, 1949.

³⁷ Rebaptisé «Cross-Index» et, plus tard, «Sweet Briar». Later renamed "Cross-Index" and then "Sweet Briar".

(a) to recommend for approval the exercise as presently outlined by the U.S. authorities;

(b) that a joint Army-Air directive be issued to the command and planning agencies concerned; and

(c) that the Canadian representatives on the combined planning organization be instructed to report any modifications suggested by the United States which would alter the scope of the exercise or the size of the forces.

942.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, July 26, 1949

ARMED FORCES; U.S. PROPOSAL FOR AMPHIBIOUS TRAINING EXERCISES IN LABRADOR

3. *The Minister of Trade and Commerce and Acting Prime Minister* reported that the United States sought permission to make immediate reconnaissance and to conduct training exercises in the Hamilton Inlet area for about a ten-day period in the autumn involving amphibious landings of one regimental combat team having a strength of 3,000-4,000 men and the use of live ammunition.

The proposal had been considered by the Chiefs of Staff in association with the Under-Secretary of State for External Affairs and they had recommended that, subject to certain conditions, permission be granted.

Canadian participation would include an R.C.N. frigate, observers and possibly a small detachment of infantry.

(Memorandum, Secretary, Cabinet Defence Committee, to Acting Minister of National Defence, July 25; memorandum, Secretary, Chiefs of Staff Committee, to Cabinet Defence Committee, July 21, 1949, and attached report from Under-Secretary of State for External Affairs—Cabinet Document D222).†

4. *The Cabinet*, after discussion, agreed that, subject to the concurrence of the Minister of National Defence, U.S. authorities be permitted to conduct amphibious training exercises on the coast of Labrador, it being understood that:

(a) the Newfoundland Provincial government and the interested departments of the Federal government be informed of the exercises;

(b) the selection of the site be approved by the Chiefs of Staff;

(c) any publicity on the exercise be cleared in the normal manner with the Minister of National Defence and the Secretary of State for External Affairs; and

(d) hydrographic charts produced as a result of the surveys be made available to the Canadian government.

SECTION F

UTILISATION AU CANADA PAR LES ÉTATS-UNIS DE MILITAIRES DE RACE NOIRE
USE OF UNITED STATES BLACK TROOPS IN CANADA

943.

DEA/2403-40

*Le sous-secrétaire d'État aux Affaires extérieures
au ministre de la Défense nationale**Under-Secretary of State for External Affairs
to Minister of National Defence*

SECRET

Ottawa, April 13, 1949

Dear Mr. Claxton,

At the March meeting of the Permanent Joint Board on Defence, the Canadian Chairman undertook to have U.S.A.F. proposals for the use this summer of some of its coloured engineer troops at the Ft. Chimo, P.Q., and Frobisher Bay, N.W.T., airfields brought to the attention of the appropriate authorities in Ottawa.

These proposals are to use, at each of these fields, during the period July 15–November 1, 1949, 4 white officers and 140 coloured troops, for the following work;

Ft. Chimo, Ungava Bay

(a) Repair and maintenance of utilities and runway and rehabilitation of hangar and hospital;

(b) Extension of dock.

Frobisher Bay, Baffin Island

(a) Repair and maintenance of utilities, runway and hangar.

Since the war the Government has, I think, recognized that the U.S.A.F. may carry out repair and maintenance work on the northeastern fields—until they are taken over by the R.C.A.F.—without Ministerial approval except in cases in which new construction or use of negro troops is involved. As you will see, the present proposals include not only use of negro troops but extension of the Chimo dock for supply purposes.

As regards the question of negro troops, the U.S.A.F. indicated at the December and March meetings of the P.J.D.B. that it had made a serious effort to find white troops for this work but had been unsuccessful as the great majority of its engineer troops are coloured and its small number of white engineer troops is already committed. It also indicated that it has very little money for the hiring of contract labour; that the engineer troops can perform the work far more efficiently and expeditiously; that the work is urgent if the facilities are not to deteriorate seriously; and that it will be unable to carry out the work if coloured troops may not be used.

At the meeting of Cabinet Defence Committee on January 20 (when it was known that the U.S.A.F. would be submitting these proposals formally) the discussion of the matter was on the following lines;

- (1) You indicated that a similar U.S.A.F. plan for use of negroes at Chimo had been rejected in the spring of 1948, owing to possible misunderstanding in Quebec;
- (2) The C[hief of the] A[ir] S[taff] then pointed out that, if permission for the use of negroes were withheld in the case of Chimo, the R.C.A.F. would probably have to carry out extensive work there on taking over the field in 1950-51;
- (3) The Prime Minister stated that approval in the case of Chimo might prove awkward in view of the then uncertain position of the Federal Government in regard to title to the use of the provincial lands; and
- (4) The Committee agreed that coloured troops could be used at Frobisher this summer, but that the question of their employment at Chimo should be considered again when the position at to title had been settled satisfactorily.

We understand from the R.C.A.F. that it has now established the Federal Government's title to the lands at Chimo. We are informed that the Northwest Territories Administration and the National Health authorities are agreeable to the U.S.A.F. proposals, provided the troops are found free of contagious diseases before being embarked.

This morning the C.A.S. told me that the U.S.A.F. was anxious to have a decision so that it may complete its plans and that the R.C.A.F. attaches importance to the U.S.A.F. carrying out the proposed work this summer. In the circumstances, this afternoon I gave Mr. Pearson a draft letter to you† enquiring whether you would be agreeable to our informing the State Department that the proposals are acceptable subject to the condition desired by the Health authorities and to the understanding that extension of the Chimo dock will not give rise to any permanent rights for the U.S.A.F.

Mr. Pearson was, however, very reluctant to give his approval to use of negro troops at Chimo, feeling that there is considerable danger of their employment there being misconstrued in Quebec. He felt that the U.S. authorities should be able to find 140 white engineer troops of some kind to do this work if it is important and that, if not, final decision regarding Chimo should be postponed until the next meeting of Cabinet Defence Committee—about May 1st—when the Prime Minister will have returned.

I passed on his views to the C.A.S. who, I believe, is going to urge the U.S.A.F. to find other troops for Chimo and explain that, in any case, no decision about use of negroes there would be obtainable until about May 1st.

Attached is a copy of a teletype that I have sent to Washington† so that the State Department may know where the matter rests. I hope it will be satisfactory to you. I am sending a copy of it and of this letter to the C.A.S. for his information.

Yours sincerely,

H.O. MORAN

for Under-Secretary of State
for External Affairs

944.

DEA/11681-40

*Le sous-ministre des Mines et Ressources
au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Mines and Resources
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, April 23, 1949

Dear Mr. Heeney,

A few days ago, Mr. C. Eberts reported by telephone that the United States had requested permission to send 140 coloured construction troops to the Fort Chimo, Quebec, Air Base, and a similar number to the Frobisher Bay, N.W.T., Air Base. Last year, a similar request was made and some coloured troops did, in fact, reach Frobisher Bay. With the control exercised by the United States Army authorities and arrangements made with the local Royal Canadian Mounted Police, undesirable contact between the troops and the native Eskimo population was prevented.

We reminded Mr. Eberts that there are Royal Canadian Mounted Police detachments at both Fort Chimo and Frobisher Bay, and also that we had already consented to the use of coloured troops at Frobisher Bay in the Northwest Territories because of the arrangements made to protect the native population from undesirable contacts, and especially from the spread of contagious or communicable diseases. We also said that the Eskimos at Fort Chimo are wards of the Dominion Government and that arrangements similar to those at Frobisher Bay would protect the Eskimo population at Chimo.

In expressing this opinion, we are guided by the feeling that it would be very difficult to justify a refusal to permit coloured troops to do labour work for the United States Army at Fort Chimo which is in the Province of Quebec when we are granting such permission at Frobisher Bay which is in the Northwest Territories because practically identical conditions prevail at the two places. We cannot say that any settled part of the Province of Quebec might be affected by coloured troops at Fort Chimo. The only people there are the Eskimos who are wards of the Dominion Government—at least so they were proved by a Supreme Court action initiated by the Quebec Government. The only question, then, is whether some interest unfriendly to the Administration might endeavour to cause embarrassment by alleging that the Administration is not being sufficiently careful in protecting the welfare of the natives.

I have since read your letter of the 13th instant addressed to the Minister of National Defence.

Will you please advise me of any decision reached. I presume that you will also advise the Commissioner, Royal Canadian Mounted Police.

Yours very truly,

H.L. KEENLEYSIDE

945.

DEA/11681-40

*Le ministre de la Défense nationale
au sous-secrétaire d'État aux Affaires extérieures*

*Minister of National Defence
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, April 25, 1949

Dear Mr. Heeney,

The Chief of the Air Staff has informed me that, subsequent to your letter of April 13, 1949, concerning the proposal of the U.S.A.F. to employ coloured troops at Fort Chimo, P.Q. and Frobisher Bay, N.W.T., during the period July 15th to November 1, 1949, Major General R.L. Walsh, U.S. Air and Steering Member, Permanent Joint Board on Defence, advised by telephone that coloured troops will be employed at Frobisher Bay *only*. Arrangements have been made to handle the work at Fort Chimo by the use of white engineer troops of the U.S.A.F.

Yours sincerely,

BROOKE CLAXTON

946.

DEA/11681-40

*Le secrétaire, section canadienne, Commission permanente
canado-américaine de défense*

au secrétaire, Comité des chefs d'état-major

*Secretary, Canadian Section, Permanent Joint Board on Defence
to Secretary, Chiefs of Staff Committee*

CONFIDENTIAL

[Ottawa], October 29, 1949

USE OF U.S. NEGRO TROOPS IN CANADA

You may recall that, during the winters of 1948 and 1949, proposals were received from the United States Air Force for the use of negro troops for maintenance work at the airfields and weather stations that the U.S. Air Force has been operating in Northeastern Canada.

At the October 11-12 meeting of the Permanent Joint Board on Defence, the U.S. Air Force member of the Board reported that, in accordance with the wishes of the Canadian Government, negro engineer troops were being used this year only at the airfield at Frobisher Bay, Baffin Island.

The Canadian Section took advantage of the U.S. Air Force member's remarks to emphasize the following two points:

(1) That it is not desired to continue including references to the use of negro troops in the Board's Journal

(2) That there is nothing to be gained in making proposals to the Canadian Government for the use of such troops in Canada, at least in peacetime, owing to the political and health questions to which such proposals give rise.

You may wish to bring to the attention of the Chiefs of Staff this "off-the-record" discussion of the matter.

I am sending copies of this letter to the Deputy Ministers of Mines and Resources and National Health and to the Commissioner, Royal Canadian Mounted Police, for their information.

Yours sincerely,
C.C. EBERTS

4^e PARTIE/PART 4

DÉVELOPPEMENT DES RESSOURCES ET DES TRANSPORTS
DEVELOPMENT OF RESOURCES AND TRANSPORTATION

SECTION A

PÊCHERIES
FISHERIES

947.

DEA/5134-A-40

Note du ministre des Pêcheries

Memorandum by Department of Fisheries

[Ottawa], January 17, 1949

CANADIAN POSITION ON NORTHWEST ATLANTIC CONVENTION

1. At a meeting of Cabinet on January 13, it was decided that Canada should be represented at the conference convened by the United States Government on January 26 at Washington to "discuss the development of means for formal international cooperation in the investigation and, where necessary, the conservation of the fishery resources" of the Northwest Atlantic. The Cabinet decision was based on the proposal that Canada would not at present support or enter an international body to regulate the fisheries off her Atlantic coast, but would support a body to promote international cooperation in investigating the problems of obtaining the maximum long term yield. The Minister of Fisheries believes the Canadian delegation should have powers only of discussion and recommendation back to Government, making possible a statement of Canada's position without the appearance of having determined that position before discussion with the other interested nations. The position is outlined here for discussion before the conference.

2. *Regulation.* It is in Canada's interest to avoid the establishment now of an international body with regulatory powers over fisheries in the areas off her Atlantic coast for the following reasons:

(i) It is undesirable in itself to impair the control of Canada over its fisheries by delegation of the regulatory powers of the Canadian Government.

(ii) The principle of delegating regulatory powers to an International Commission is further questioned on the basis of experience with such Commissions, which

shows their tendency to extend their regulatory powers, with the support of the United States, not only in the conservation but even into the economic field.

(iii) Although the possibility of future over-fishing in areas off our Atlantic coast is recognized, investigations by Canada and Newfoundland show that over-fishing has not yet occurred, and that, in fact, the fishery resources are sufficient to support a considerably greater fishery. There is therefore no urgent need for a regulatory body.

(iv) Canada with the entrance of Newfoundland, will have the greatest present catch and potential interest in the area. The establishment of an international regulatory body would involve danger of restrictions which would be against our interests while designed to make profitable fishing from a greater distance possible.

(v) More investigation is needed before sound conclusions can be reached not only the need for regulation, but also on the form necessary regulation should take. It is not possible now to plan the framework of possible future regulation intelligently.

(vi) Agreement by Canada to an international convention establishing regulatory control might prejudice Canada's claims to territoriality of waters described as coming under the convention. There has not yet been opportunity to explore the effects of the entrance of Newfoundland on Canada's position in this matter.

3. *Regulation in Area IV.* It is recognized that the fishing in Area IV has been particularly intensive because of proximity to the great New England fishing ports and that, consequently, some over-fishing may already have occurred and regulation be needed now. There is now little fishing in this area by Canadian fishermen who turn to more productive grounds to the east and north. There appears to be no objection to immediate provision for regulation in the area, which is urgently desired by the United States.

Canada has an historical interest in the area and a potential interest in its regulation, which might, on the one hand, divert fishing effort to grounds now used by Canadian fishermen and, on the other, so improve fishing as to make it profitable again for Canadians to fish there. European interest in the area is relatively slight because there are more productive areas much closer. It therefore is desirable to provide for joint regulation of the fishery in this area by Canada and the United States. This is embodied in their present proposal but the provision should be made in a separate instrument because it is undesirable to infer, through provision for this local regulation in agreements applying to the whole region, that the same system should eventually be extended.

4. *Investigation.* International cooperation in investigation of the fisheries of the Northwest Atlantic is needed for the following reasons:

(i) Over-fishing may occur in future as a result of increased demand for fish, diversion of effort from other grounds which are becoming over-fished, and improvement of vessels and equipment, bringing the waters off our Atlantic coast within easier reach of distant countries. More investigational work is needed to recognize the incidence of over-fishing, should it occur.

(ii) Sound conclusions regarding over-fishing, the resultant need for restriction, and the type of restriction which would be desirable can be reached only if full information is available on the fishing conducted by all countries in the area.

(iii) Canada and the United States are now spending more effort on investigation than the other nations fishing in the area, with Canada making the greatest effort, except in waters off New England. These investigations (involving the operation of sea-going vessels) are expensive, and it seems desirable for the effort to be shared by all nations with considerable interests in the fishery. Canada and Newfoundland have recently been spending close to \$200,000 annually on investigation of the bottom-living species alone, and with increased effort on the part of other nations this expenditure will not have to be increased as much as it otherwise would.

5. *Type of investigatory body.* The U.S. proposals provide for the establishment of a commission which would carry out investigations with its own scientific staff and equipment. It is in Canada's interest to have instead a commission which would provide for common planning of investigations and analysis of their results, with the actual investigational work carried out by the agencies of the individual governments. The reasons in favour of this alternative include:

(i) Better assurance that information will be obtained and analyzed from the Canadian point of view as well as from the general point of view in which Canada plays a minority part.

(ii) Better control of expenditure by the Canadian government.

(iii) Less interference with and the duplication of the investigations which Canada must continue in the related field of assisting Canadians to use the resource more efficiently. Experience with international commissions of the type proposed by the U.S. has shown that they interfere with national programs through loss of personnel and the discontent and jealousy engendered by the existence of an independent organization often with more generous salaries. Canada would be the best source of personnel in the present case and would suffer most in this way.

(iv) The European countries interested in the area, which outnumber Canada and the United States, have cooperated effectively through a body (ICES) which coordinates plans and analyses results but apportions the work to national agencies.

948.

PCO/Vol. 125

*Note du ministre des Pêcheries
pour le Cabinet*

*Memorandum from Minister of Fisheries
to Cabinet*

[Ottawa], March 28, 1949

RE: INTERNATIONAL CONVENTION FOR THE NORTHWEST ATLANTIC FISHERIES
The above-noted Convention was signed by Canada, February 8, 1949, at Washington, D.C.; other signatories were the United States, the United Kingdom, France, Portugal, Spain, Italy, Denmark, Norway, Iceland and Newfoundland.

The Convention agreed upon by the high contracting countries provides for the investigation, protection and conservation of the fisheries of the Northwest Atlantic ocean, in order to maintain those stocks which support international fisheries. Following ratification of the Treaty (which is to be brought into force upon the deposit of instruments of ratification by four signatory governments) there shall be established a Commission to be known as the International Commission for the Northwest Atlantic Fisheries. The headquarters for this Commission are to be in North America, at a place yet to be decided.

The area of the Northwest Atlantic ocean falling within the scope of the international agreement is noted specifically in the annex of the attached Convention† (Page 19); roughly, it is as follows: Area 1—The waters off the west coast of Greenland; Area 2—Waters off Labrador; Area 3—Waters off Newfoundland; Area 4—Waters off Nova Scotia; and Area 5—Waters off New England. Provision is made in the Treaty to safeguard any claims to territorial waters or jurisdiction over the fisheries of the contracting parties.

The Convention provides for the setting up of panels for each of the above areas on which countries contiguous to such areas or having substantial fishing interests therein are entitled to membership. These panels, under the direction of the Commission, shall be responsible for keeping under review the fisheries of its sub-area and scientific and other information relating thereto. Each panel may make recommendations to the Commission on studies and investigations which it deems necessary.

The Commission, to which each of the contracting governments may appoint not more than three commissioners, plus experts or advisers, shall be responsible in the field of scientific investigation for obtaining and collating the information necessary for maintaining those stocks of fish in the convention area. The Commission will have no powers of regulation but may, on the recommendations of one or more panels, transmit to the depository government (Government of the United States) proposals for joint action of a regulatory nature. Such recommendations might concern establishing open and closed seasons, closing to fishing operations of a sub-area, establishing size limits, prescribing gear and appliances and prescribing catch limits.

These proposals shall be transmitted by the depository government to the other contracting governments for consideration and acceptance. If such proposals are accepted by all the governments represented on the panel concerned they shall become effective and binding on all contracting governments.

The expenses of the Commissioners, experts and advisers appointed to the Commission by each government shall be paid by that government. The joint administrative expenses of the Commission shall be paid as follows: \$500 by each contracting government, plus an amount equal to the number of panels in which that government participates. Expenditures for special studies and investigations to be undertaken by the Commission are to be determined by agreement among the contracting governments. Any contracting government may withdraw from the Convention at any time after the expiration of ten years from the date of entry into force of the Treaty.

Direction of the Cabinet is sought as to the time most suitable for presentation of the International Convention for the Northwest Atlantic Fisheries to Parliament for ratification.³⁸

R.W. MAYHEW

949.

DEA/4431-A-40

Note

Memorandum

CONFIDENTIAL

[Ottawa], April 19, 1949

SUMMARY OF QUESTIONS DISCUSSED AT AN INTERDEPARTMENTAL MEETING
CONCERNING THE INTERNATIONAL SALMON AND HALIBUT COMMISSIONS

An interdepartmental meeting between officials of the Departments of External Affairs and Fisheries was held in the West Block on Friday, April 1, 1949, at 2:30 p.m. for the purpose of discussing questions of principle affecting the constitutions of the two International Fisheries Commissions, with a view to holding similar discussions with United States officials at a later date.

The following were present at the meeting:

Fisheries

Mr. Stewart Bates, Deputy Minister

Mr. S.V. Ozere, Legal Adviser

Mr. G.R. Clark, Director, Western and Inland Fisheries

Finance

Mr. E.K. Turner, Chief Treasury Officer, Fisheries Branch

External Affairs

Mr. A.R. Menzies, American and Far Eastern Division

Mr. F.M. Tovell, American and Far Eastern Division

Mr. K.D. McIlwraith, American and Far Eastern Division

Mr. R.H. Jay, Legal Division

During the course of the discussions, the following points emerged:

1. As a result of lack of close supervision from Ottawa during the early years of the Commissions' operations, both Commissions have acquired a degree of independence of action in their respective fields which was not visualized by the Canadian Government at the time the Conventions were drawn up.

2. The combined United States and Canadian staffs now consider themselves international agencies serving the interests of the west coast fishing industries and

³⁸ Le Cabinet en reporta la soumission au Parlement le 31 mars 1949:

On March 31, 1949 Cabinet deferred submission to Parliament:

pending consideration by the legal advisers of the Departments of External Affairs and Fisheries of the definition of area set forth in Article 1, and its implications with regard to Canadian territorial waters.

directed by professional secretariats, which only pay lip service to Government authority.

3. The Commissions have, over a period of time, "educated" the fishermen to accept the regulatory principle to the point where the fishermen are now strongly in favour of a large number of regulations which it would be difficult to cancel without causing widespread resentment. The fishermen's unions, in which communist influence is said to be strong (particularly in Alaskan ports), naturally favour this policy of close regulation and centralized control by the Commissions, which they—the unions—can influence.

4. The United States sections of the Commissions have historically been much stronger than their Canadian counterparts. This is partly due to the differences in personality of the respective Commissioners, partly to the preponderance of United States personnel on the staffs and advisory bodies, and partly to the dominating influence of the United States fishing interests.

5. The United States have separate halibut and salmon fleets, whereas Canadian vessels are dual purpose. If the fishing seasons are so regulated that they overlap or alternate at comparatively short intervals, as proposed by the Halibut Commission in its draft amendments to the Halibut Convention, Canadian vessels are at a disadvantage, since they have to spend precious time modifying their fittings for the different types of catch.

6. The United States Federal Government has no research organization comparable to our Fisheries Research Board and is, therefore, more ready to advance the money to pay for such scientific experts as the Commissions may deem necessary. The Canadian Government does have a research organization and the Department of Fisheries would like to use its members as a complementary investigatory body to the Commissions. However, the Commissions offer their technical advisers a salary so far above that paid by the Canadian Government (or the universities) that Canadian experts tend to be drawn to working under the aegis of the Commissions rather than as employees of the Canadian Government. The Canadian Government, nevertheless, has to pay for half of these higher salaries.

7. The Halibut Commission has its headquarters in the University of Washington in Seattle and much of the scientific "advice" emanates from experts on the university staff.

8. Ostensibly the regulations under the Sockeye Salmon Treaty aim at dividing the catches on a fifty-fifty basis between the United States and Canadian industries. In practice, the regulations operate in favour of the United States industry for various technical reasons.

9. The United States already play a dominant part in the conservation activities on the Fraser River (their experts virtually control the complete Hell's Gate project) and they will almost certainly continue to extend their influence wherever possible (see also para 15 below). At a later date, they may be in a position to lay down terms for the inclusion of Japanese interests on the same basis as Canadian interests, which by that time may have become merely subsidiary.

10. From the Canadian Government's point of view, the weakening of our west coast fishing industry would have serious economic—and therefore political—

repercussions. At the moment one of the more important means the Government has for controlling the activities of the Commissions is through its very close scrutiny of the Commission's expenditures. If this supervision were removed, the Government would lose a valuable method of control.

11. The Commissions are obliged to make annual reports to the two Governments, but this is insufficient for effective supervision. Hitherto the Canadian Commissioners have not been asked to submit their own interim reports to the Department in Ottawa. In the case of the Halibut Commission, the terms of the Convention make it easier to demand reports from our own Commissioners, whereas there is nothing in the Salmon Convention to suggest that such a procedure was contemplated by the signatories, or that the Government would be justified in asking for such reports.

12. If the Canadian Government decided to withdraw any of its present Commissioners (which it is entitled to do under the terms of the Convention) and to appoint new ones, the retiring Commissioners, who have gained the confidence and support of the fishermen (and in particular the unions), could appeal to the industry on the basis that they were being removed by Government officials in Ottawa who did not understand the fishermen's "best interests."

13. The International Northwest Atlantic Fisheries Commission is unlikely to cause the same difficulties experienced with the Pacific Commissions because the Commission has no regulatory powers, only powers of recommendation to the Governments.

14. The attitude of the United States Federal authorities to international fisheries commissions of all kinds is fundamentally different from that of the Canadian Government. In the United States, where fishery regulation is under the individual States once a commission of this kind is established by negotiations between national governments, the Federal Government acquires and the individual States correspondingly give up some responsibility in fisheries. In Canada, the Federal Government occupies the field of fisheries jurisdiction completely, that is, it has, under the British North America Act, the sole legislative responsibility in fisheries. For that reason, the setting up of an international commission for fisheries is not needed to give the Federal authorities any jurisdiction in fisheries which they did not have before. On the contrary, every time an international Commission in fisheries is set up some power of the Federal Government is delegated to such commission. This explains the greater interest taken by the Canadian Government in retaining some degree of control over the activities of these commissions.

15. The existing Salmon Convention relates only to the catching of "sockeye" salmon, and it is thought that the United States may be contemplating the extension of the Salmon Commission's jurisdiction to include other types such as chum, spring, coho and pinks.

16. It is the opinion of the Department of Fisheries that the Halibut and Salmon Commissions' activities are weighted in favour of United States interests by virtue of the greater influence wielded by the United States sections of the Commissions. The following are possible methods of achieving "a redress in the balance of power";

(a) The Conventions might be amended to give the Governments a greater degree of control over the Commissions. As now worded, the Conventions clearly permit a considerable degree of autonomy to the Commissions and the Governments have, strictly speaking, no *legal* right to control directly any of the powers of functions now exercised by the Commissions, particularly in the case of the Salmon Commission.

(b) Owing to differences in the terms of the two Conventions the Salmon Commission has a greater degree of autonomy than the Halibut Commission. By amending the Salmon Convention, the two Commissions might be brought more in line with one another.

(c) The Commissions' staffs might be reorganized to secure larger Canadian representation, and new Canadian commissioners might be appointed who would be willing to take a firmer stand during the Commissions' discussions.

(d) The Canadian Commissioners might be asked to submit interim reports to their Government to bridge the gap between the Commissions' normal annual reports.

(e) The Canadian Government might arrange for its own experts or advisers to attend the Commissions' meetings, in addition to the Canadian Commissioners.

(f) The Canadian Government might insist on a continued close supervision of the Commissions' expenditures. (This would not prevent improvements being made in the existing fiscal procedures.)

17. It was agreed that officials of the State Department (in particular Mr. Chapman)³⁹ should be invited to Ottawa for discussions as soon as possible, and that Mr. Ozere and a representative of the Department of External Affairs—to be nominated later—should work out jointly the questions which we wished to put to the United States authorities in anticipation of these discussions.

³⁹ Dr. Wilbert M. Chapman, Bureau de l'assistant spécial au sous-secrétaire chargé de la faune et des pêcheries, ministère d'État des États-Unis.

Dr. Wilbert M. Chapman, Office of the Special Assistant to the Under Secretary for Wildlife and Fisheries, Department of State of United States.

950.

DEA/4431-A-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

DESPATCH 1100

Ottawa, April 20, 1949

CONFIDENTIAL

Sir,

I have the honour to refer to various questions currently outstanding between the United States and Canadian Governments, concerning the International (Halibut) Fisheries Commission and the International Pacific Salmon Commission.

2. These questions may be summarized as follows:

(a) *Amendment of the Halibut Convention.* Amendment of this Convention was first proposed in 1946 with the object of giving additional (regulatory) powers to the Halibut Commission. Some clarification of the question was achieved at joint meetings of the representatives of the two Governments with the Commissions in Ottawa last fall. Further progress has been held up, since certain of the proposed regulatory powers are considered questionable from a legal and policy point of view.

(b) *Revision of Fiscal Procedures.* Proposals for the revision of the fiscal procedures of the two Commissions were made by the United States Government in its note of March 2, 1948.† The Department of Fisheries did not favour the changes proposed by the United States Government and certain counter proposals were made in a despatch to you (No. 3871 of December 9, 1948)† for transmission to the State Department. These counter proposals have not yet been delivered to the State Department, pending clarification of the reasons "why the United States proposals of March 2 are not acceptable to the Canadian Government". (Your despatch No. 105 of January 13 refers.)†

(c) *Appropriation of Funds for Divisible and Other Expenses.* Proposals for separate appropriation of funds for divisible expenses of the Commissions and for the personal expenses of the Commissioners were made by us last May (our teletype EX-1193 of May 3 and despatch 3890 of December 9 refers).† No answer has yet been received.

(d) *United States Share of Divisible Expenses.* No payment has been received from the United States Government for its share of the divisible expenses of the two Commissions covering the months of November, December, 1948, and January, February, 1949. We asked you to enquire into this situation (our teletype EX-745 of March 19 refers),† but we have not yet received an answer.

3. Although it has been evident for some time that negotiations between the two Governments regarding the Pacific Fisheries Commissions have not been making

much progress, the foregoing summary would indicate the need for immediate joint consideration of the problems by officials of the two Governments.

4. During the past few weeks, the main problems concerning the two Commissions have been jointly considered by this Department and the Department of Fisheries. We have come to the conclusion that, before any progress can be made towards a settlement of the specific problems mentioned above, we must reach a clearer understanding with the United States authorities on the basic principles underlying the status and functions of the two Commissions.

5. In this connection, I enclose a confidential memorandum⁴⁰, for your own information, summarizing the points discussed at an interdepartmental meeting held recently, which will give you the background to the present situation regarding the Commissions' activities. There is undoubtedly a marked divergence of views between the two Governments regarding the degree of autonomy to be granted to the Commissions in the various spheres of conservation, financing, and general administration. It is hoped that these notes will give you a fuller understanding of the reasons why we have found it difficult to accept the United States theory of "international autonomous entities."

6. A further problem which is causing concern to the Department of Fisheries is the protection of the salmon canning industry of British Columbia. The Canadian salmon fishing industry is potentially a thriving one with its well-equipped fishing vessels and its modern and very efficient canneries. The drastic reduction of the United Kingdom market for canned salmon leaves the Canadian industry faced at present with the discouraging alternatives of trying to sell the canned fish in the United States over a prohibitive tariff wall or selling the raw product to United States canneries at "knock-down" prices. This matter has no direct connection with the functions or administration of the Commissions but it is of interest as a related problem in the Pacific fisheries industry.

7. The Deputy Minister of Fisheries and his assistants are convinced that if we can reach a closer understanding with the State Department on the basic issues, it will be very much easier to find mutually agreeable solutions to all other outstanding problems. It has, therefore, been decided to invite the State Department to send representatives to Ottawa for joint discussions, preferably during the third week in May. (We are particularly anxious to have Mr. Chapman, who has himself worked with the Halibut Commission).

8. We are not submitting a fixed agenda for the discussions, since we shall be prepared to discuss all outstanding questions mentioned in para. 2 above, as well as broad questions of principle which would include the following:

(a) The degree of control and direction to be exercised by the Governments over policies of the two Commissions.

(b) The extent to which the Commissions should report to the Governments regarding their work.

⁴⁰ Document 949.

(c) The extent to which the Commissions should cooperate with existing Government agencies, and the possible attachment of Government advisers to the Commissions.

(d) The procedure whereby the Commissions may hold public hearings.

9. If you agree, the most desirable procedure might be for an officer of the Embassy to call informally on Mr. Chapman and leave with him our invitation together with an outline of the questions we would like to discuss. It would be helpful if we could have an early indication of the State Department's reaction to our proposal.

I have, etc.

H.O. MORAN
for Secretary of State
for External Affairs

951.

DEA/3199-40

Note de la direction des Nations Unies
Memorandum by United Nations Division

[Ottawa], July 13, 1949

CANADA U.S. FISHERIES DISCUSSIONS IN OTTAWA, JULY 7-8

The meeting was originally called to provide an opportunity for one or two Government officials from each country to work out some of the administrative problems which have developed in the operation of the Pacific Fisheries Commissions. By the time the discussions took place, the U.S. delegation had been increased to seven members and the scope of the U.S. proposed agenda has been enlarged to cover, in addition to the Commissions' problems, the negotiation and signature of one convention and the preliminary discussion of four others.

2. The first subject to be discussed was a U.S. proposal that general fisheries conventions covering the North Pacific area should be negotiated separately with the U.S.S.R. and Japan. Dr. Chapman of the State Department who headed the U.S. delegation, had prepared draft texts and these were reviewed at the meeting.

3. The general ideal of the proposed convention with the U.S.S.R. is that the Pacific Ocean north of 47° latitude, to 67°30' including Bering Strait, should be divided for fishing purposes at the International Dateline. Canadian and U.S. fishermen would be prohibited from fishing west of the Dateline, while Russian fishermen would not be permitted to engage in fishing east of the Dateline.

4. Under the proposed convention with Japan, Canadian and U.S. fishermen would be prohibited from fishing within 150 miles of the land territory of Japan, while Japanese fishermen would be prohibited from fishing within 150 miles of the land territory of the U.S. or Canada.

5. The advantages of these two conventions for us would be the elimination, or at least substantial reduction, of disputes between fishermen of different nationalities and the protection for our own fishermen of the fishery resources of the Eastern

Pacific, which have been developed by a joint Canadian-U.S. conservation program and which are now being exploited to the limit.

6. The Canadian side agreed in principle that such treaties, if they could be negotiated, would be desirable and it was decided to let the matter rest until the State Department was able to secure the necessary concurrence of the various Departments and agencies concerned and let us have a further draft for detailed study and comment.

7. The U.S. hope to put up the proposed convention to the U.S.S.R. in the Fall of this year. The timing of the Japanese convention is now under discussion with SCAP but no reply has yet been received. The U.S. view is that, unless such a convention were tied in with the Peace Treaty or concluded before the Peace Treaty, the Japanese would probably refuse to accept it.

8. After disposing of the subject of the two Pacific Fisheries Conventions, on which there was general agreement, the meeting turned to the consideration of a draft fur seal convention prepared by the State Department. This proposed convention, which would include the U.S.S.R., would replace the present provisional agreement between Canada and the U.S.A. When the U.S. Embassy in Moscow notified the U.S.S.R. Government of the prolongation of the Canada-U.S. provisional agreement, the Soviet Government indicated their interest and their willingness to enter into similar arrangements. The U.S. would like to submit the proposed fur seal convention to the U.S.S.R. at the same time as the general fisheries convention described above.

9. The main idea of the convention is to prohibit pelagic sealing. The U.S. draft also contained one article relating to bilateral arrangements between Canada and the U.S. for a 20% cut of seal skins to be paid to Canada and guaranteeing continuous consultation between the Governments on the proper maximum at which the seal herds should be maintained.

10. We suggested that it might be unwise to include in a multilateral convention one clause relating to particular arrangements between two of the parties. It seemed preferable to us to negotiate a general treaty prohibiting the nationals of the high contracting parties from engaging in pelagic sealing and then to conclude a separate agreement between Canada and the U.S. covering our cut of the seal kill and any other points of mutual concern. The U.S. delegation saw no objection to this and agreed that it would probably be a better procedure.

11. We also made it clear that we would want to give serious thought to the status of Japan in such a convention. Omitting them from the treaty would leave them free in the future to engage in pelagic sealing and this might kill the chances of acceptance of the convention by the U.S.S.R. who could be expected to insist upon protection from the pelagic sealing operations of the Japanese.

12. Our Fisheries representatives were most insistent that scientific investigations on an adequate scale should be undertaken in order to prove to what extent the seals, during their migrations along our coast, were preying upon our fishery resources. The U.S. delegation was, on the whole, pessimistic as to the chances of carrying out successful investigations at sea, but our Fisheries people were not convinced and this subject will be given further study.

13. The U.S. draft called for the convention to be in force for an initial period of 15 years. It could be terminated on 12 months notice; but only by a majority of the high contracting parties. It is almost certain that the Soviet Government will refuse to accept the convention in this form and the U.S. is quite prepared to alter it so that any party could withdraw after proper notice. Our Fisheries officials would not consider 15 years and urged an initial period of 5 years. The U.S. were willing to come down to 10. No agreement was reached on this point.

14. Although the Department of Fisheries was prepared to oppose any fur seal convention, the exchange of views resulted in a change of heart and there is little doubt that we will be able to meet the U.S. in this matter. We will receive a new draft which will take into account the views expressed by us at the meeting and more detailed study will then be given to the text.

15. The next item on the agenda was a proposed convention for the extension of port privileges to fishing vessels. At the present time, privileges are extended on a reciprocal basis in British Columbian and Alaskan ports but these arrangements are made annually by Order-in-Council and Presidential decree and the U.S. is anxious to put them on a more permanent basis.

16. Our Fisheries Department was very much opposed to this convention as they consider the arrangement to be too one-sided. They realized that privileges extended for years could not, in practice, be withdrawn but they did not feel inclined to write them into a treaty. The main point here, as far as the discussion was concerned, was that the latest draft was distributed at the meeting and the State Department had hoped that this particular convention could be formally completed during the discussions. We made it clear to the U.S. Embassy before the meeting began that this was not feasible, as we had not had time to give adequate study to the legal and constitutional implications or to consult with other interested parties. The U.S. delegation asked if we could let them have our final views within two weeks, as otherwise the necessary legislation would not reach the Senate until too late for next year's fishing season. As the present arrangements expire on December 31st, this would, in fact, create considerable inconvenience. We promised to give the question immediate attention, but in view of the necessity for Fisheries to consult the fishing industry and the Department of National Revenue, it is not at all sure that we shall be in the position to give a definitive reply within two weeks. The responsibility for this situation lies with the State Department who should have submitted their draft sufficiently early to allow of adequate study and consultation.

17. The U.S. delegation next produced a new variation of a revised halibut convention. We could not give very definite views on this draft as we had not had the opportunity to study it beforehand. However, the principal changes from the present treaty were included in a previous draft and we could express our views on these proposals. The Fisheries officials handled this discussion almost entirely since the points at issue were strictly of interest to Fisheries. All the major amendments in the U.S. draft were unacceptable (the increase from 4 to 6 in the Commission membership—the licensing of dealers—the control of departure of vessels—the inclusion of sablefish) and it was quite clear that agreement on this convention would not be reached. After considerable discussion, it was decided to

drop the matter, at least for the present, on the understanding that it would be taken up by the two Governments with the Commissions, beginning with the scheduled talks, next September.

18. The final item on the agenda dealt with the financial procedure of the Commissions. The State Department had proposed certain changes in the fiscal procedure which would simplify administration and leave the Commissions a freer hand in operating their finances. We had found these suggestions unacceptable but had made certain minor changes in our system which had proved helpful. The U.S. delegation explained that this situation no longer posed any problem as their Treasury Officer had been able to secure authority to put the U.S. proposals into operation regardless of Canadian procedure. This presented a happy solution and there are at present no outstanding financial problems.

A Fisheries officer attended all meetings as Secretary and he is preparing a complete summary of the discussions, the decisions reached, and the action to be taken on each subject. Copies of this official summary† will be obtained from the Fisheries Department and will be placed on the appropriate files.

[B.M. MEAGHER]

952.

PCO/Vol. 125

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to the Cabinet to Cabinet

[Ottawa], September 21, 1949

INTERNATIONAL CONVENTION FOR THE NORTHWEST ATLANTIC FISHERIES

1. On March 31, Cabinet gave consideration to the ratification of the Northwest Atlantic Fisheries Convention, signed in Washington on February 8, for the investigation, protection and conservation of the fisheries of the Northwest Atlantic ocean. It was decided that the Legal Advisers of the Departments of External Affairs and Fisheries should consider the definition of the "Convention Area" in the agreement and its implications with regard to Canadian territorial waters.

2. The Legal Advisers have pointed out that in the discussions leading to the convention, the U.S. representative advocated the inclusion of language which would make it clear that no effect on claims as to territorial waters was intended. He said:

"This would be an absolute disclaimer that the Convention we are signing has any effect whatsoever on past, present or future policies or actions on the subject of the extent of territorial waters, the extent of jurisdiction or of areas on the high seas".

The Canadian delegate supported this, saying:

"There is nothing in this document that prejudices the claims of any country—past, present, or future claims".

Accordingly, the "Convention area" was defined to "except territorial waters" and Article I(2) reads:

"Nothing in this Convention shall be deemed to affect adversely (prejudice) the claims of any contracting government in regard to the limit of territorial waters or to the jurisdiction of a coastal state over fisheries".

3. In view of the recorded statements of intention and of the terms of the Convention referred to the Legal Advisers are of the view that the definition of the Convention area does not prejudice the Canadian position on territorial waters generally or with regard particularly to waters of the Gulf of St. Lawrence following the entry of Newfoundland into Confederation.

The Legal Advisers are agreed that:

(a) there is no need for haste in ratifying the convention, the ratification of which could and should be deferred;

(b) the problem of ratification, by Canada, with or without reservation concerning the waters of the Gulf of St. Lawrence, forms part of the larger problem of what Canada can or should do with reference to the contention that, following union with Newfoundland, these waters are to be regarded as part of the national waters of Canada;

(c) the whole problem ought to be studied and reported on by an interdepartmental committee, on which all interested departments would be represented, before the convention is ratified.

5. It is to be noted that the Convention was signed "For His Majesty's Government in the U.K and the Government of Newfoundland in respect of Newfoundland". When and if ratification is deposited on behalf of Canada, it will presumably be desirable to deposit with it an observation to the effect that the ratification covers also the Newfoundland signature. That would provide an opportunity for a further observation, perhaps in very general terms, covering the effects of union upon the extent of Canadian territorial waters which are presumably excepted from the Convention area.

6. Cabinet might wish to direct that an interdepartmental committee should look into and report upon the points referred to by the Legal Advisers in paragraph 4.⁴¹

N.A. ROBERTSON

⁴¹ Le Cabinet donna des instructions à cet effet le 22 septembre 1949.
Cabinet so directed on September 22, 1949.

953.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, November 17, 1949

...

INTERNATIONAL CONVENTION FOR THE NORTHWEST ATLANTIC FISHERIES;
CANADIAN TERRITORIAL WATERS

7. *The Prime Minister* said that he had received a report on a meeting of the interdepartmental committee on Territorial Waters called in accordance with the direction of Cabinet to consider matters arising out of the Northwest Atlantic Fisheries Convention.

The committee were of the view that the definition of the Convention area was inexact and recommended that the Departments of External Affairs and Fisheries consider the drafting and advise whether Canadian representatives abroad should ask other signatory countries to agree to a restatement of the delimiting clause, or whether Canada should attach a reservation to the instrument of ratification.

The committee were also of the view that an unreserved ratification of the Convention now might prejudice [the] claim that the Gulf of St. Lawrence was a Canadian territorial water. Departments had been asked to consider the extent and character of the interest of each in establishing such a claim. The committee felt that a successful claim in respect of the Gulf might be helpful to the Canadian position in the Arctic if it established a further precedent for the headland-to-headland theory as already applied to Hudson Strait. If, however, the case with regard to the Gulf seemed weak, any link with the headland theory might weaken the application of that theory in support of Canadian claims in the Arctic.

(Secretary's memorandum, Nov. 17, 1949).†

8. *The Cabinet*, after discussion, noted with approval the report of the Prime Minister and agreed that the interdepartmental committee give further consideration to Canadian interest in and prospect of establishing a claim that the Gulf of St. Lawrence was a part of Canadian territorial waters.

SECTION B

PROPOSITION D'ETENTE AU SUJET DES PHOQUES
PROPOSED AGREEMENT ON FUR SEALS

954.

DEA/4431-A-40

Note du ministère des Affaires extérieures
Memorandum by Department of External Affairs

[Ottawa], May 6, 1949

The United States Embassy has handed to the Department of External Affairs a memorandum dated December 21, 1948 in which the Department is informally advised that the Department of State is studying the possibility of a permanent agreement relating to the fur seal herds of the North Pacific Ocean with a view to inviting the Canadian and Soviet Governments to participate in negotiations on the subject. The United States Embassy has expressed its desire to receive any comments and suggestions which the Canadian Government may care to offer in this connection.

2. The competent Canadian authorities are of the opinion that a permanent fur seal agreement, to which the Government of the U.S.S.R. would be a party, to replace the present Provisional Agreement between the United States and Canada would be in the best interests of all concerned and that negotiations to this end would therefore be desirable.

3. The Department of External Affairs recalls that at the discussions which took place in Ottawa on September 20, 1945, it was agreed that Canada and the United States should keep in close informal touch throughout the period leading to any agreement which would include the U.S.S.R. With this in view the Department believes it would be most useful if preliminary discussions could be arranged between United States and Canadian representatives so that the views of the United States and Canadian Governments could be exchanged and general agreement reached before any approach is made to the Soviet Government to enter into negotiations.

4. Without suggesting an exhaustive agenda for the proposed discussions, some of the items which might profitably be considered are the following:

(1) *Japan's place in a permanent agreement.* It seems clear that as a matter of protection to the other countries concerned, some steps will have to be taken to prevent Japanese fishermen from engaging in pelagic sealing in the future. Whether the solution lies in the insertion of a relevant clause in the Peace Treaty or in having SCAP participate in the Fur Seal negotiations and agreement on behalf of Japan or in some other alternative, the basic question is one which calls for serious consideration and if possible prior agreement between Canada and the United States before this thorny problem is presented to the Soviet Government.

(2) *Possible points of divergences with the Soviet Government.* It is noted that the Department of State believes that any new agreement should be based in part on the principles contained in the 1911 Agreement. It seems likely to the Department

of External Affairs that certain of the provisions of the 1911 Agreement, particularly those relating to inspection and the handing over of sealskins to representatives of other countries may be open to objection by the Soviet Government for reasons of security. It might be advisable for the United States and Canadian representatives to take into account all such potentially controversial questions and to attempt to work out satisfactory solutions to them so as to be in a better position to cope with them if raised by the Soviet Government at a later stage.

(3) *Percentage of returns.* Presumably the whole question of distribution of shares of the fur seal take among the interested countries will be reviewed and a fair rate fixed in the proposed agreement. The Canadian authorities consider it desirable to have this matter discussed between the United States and Canadian Governments in the preliminary conversations.

(4) *Maximum numbers fixed for seal herds.* The Canadian authorities suggest that there might be something to be said in favour of fixing a maximum for the seal herds rather than permitting an annual increase to the point where there may be excessive numbers. The Canadian authorities have in mind, in this connection, the heavy toll of herring and pilchards taken by the seals and to a lesser extent the depredations on the salmon. It is suggested, therefore, that consideration be given to this question during the proposed discussions.

(5) *Scientific investigation of habits of seals.* The Canadian authorities would be interested in a full scale scientific investigation to determine the habits of seals, with particular reference to such habits while at sea; the kind of food used and a careful estimate of the quantities of fish taken by the seals.

5. The Department reiterates that the comments and suggestions outlined above are meant solely as a guide to a possible agenda for United States-Canadian preliminary discussions: they represent no more than an indication of the line of approach which commends itself to the Canadian authorities.

6. If convenient to the United States authorities the Canadian Government would be pleased to have the discussions take place in Ottawa.⁴² It might be mentioned in this regard that an invitation has gone forward through the Canadian Embassy in Washington to the United States Government to send representatives to Ottawa, preferably during the third week of May, to discuss outstanding questions relating to the Pacific Salmon and Halibut Commissions. If these arrangements are concluded, the United States Government might consider it desirable to have their representatives devote one extra day to discussing with the Canadian representatives the proposed fur seal agreement with a view to reaching common ground before the initial approach is made to the Soviet Government.⁴³

⁴² Voir/See: Document 951.

⁴³ Note marginale:/Marginal note:

This memorandum was today handed informally to Mr. Wm. Dale of the U.S. Embassy. B.M. Meagher 6/5/49

SECTION C

VOIE MARITIME DU SAINT-LAURENT ET PROJET DE POUVOIR
HYDRO-ÉLECTRIQUE;
DÉTOURNEMENT DE LA RIVIÈRE NIAGARA
ST. LAWRENCE SEAWAY AND POWER PROJECT;
DIVERSION OF NIAGARA RIVER

955.

DEA/1268-D-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-68

Washington, January 11, 1949

CONFIDENTIAL

St. Lawrence Project.

1. The President, in his budget message yesterday, again sought Congressional approval, as follows:

"I again urge the Congress to give early approval to the St. Lawrence waterway and power project. The navigational aspects of this project have recently assumed an increased importance as a result of the prospects for developing high-grade iron ore deposits in Labrador. As our domestic deposits become depleted, the proposed seaway will become an important link between our steel industry and this new potential source of ore. Furthermore, this dual purpose project is needed as a source of low-cost power."

2. I have had a further talk with Mr. Hickerson about the prospects of approval. He said that a memorandum from the State Department had been sent to the President expressing the view that "an all-out effort" on the part of the Administration was necessary. The memorandum, I gathered, stated that if the project was defeated in Congress at this session, there would not be likely to be another chance of securing the combined development for navigation and power. It pointed out that most of the country was apathetic towards the project and that the President would have to exert strong pressure on members of Congress from States not directly interested for or against it in order to secure their votes in favour.

3. The memorandum also mentioned as still in effect the understanding with Canada reached when the treaty of 1932 was signed that no action would be taken by Canada until the United States had completed Congressional approval. It said that if the Canadian Government were asked to put the agreement through Parliament before its passage by Congress, the Administration would have to do everything it could to further the adoption of the agreement here. Mr. Hickerson commented that we might desire for our own reasons to secure Parliamentary approval fairly early in the forthcoming session, without any request from the United States, and added

that prior Canadian approval would be of some value in persuading Congress to act.

4. Mr. Hickerson thought that if approval was not given at this session of Congress, the President would be constrained to agree to the separate power development in view of the urgent need for additional power on both sides of the boundary. He remarked that the President would be bound to consider his tactics in light of the general political situation, since the use of strong pressures, in the field of patronage and so on, to further the adoption of the St. Lawrence project might diminish his influence towards securing approval for other important items of his programme. You will note from the extract from the budget message that particular emphasis was laid on navigation by the President.

956.

DEA/1268-D-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-227

Ottawa, January 29, 1949

SECRET

Your teletype WA-68 of 11th January. St. Lawrence Waterways.

Your suggestion that prior approval of the Agreement of 1941 by the Canadian Parliament might be of assistance in persuading the United States Congress to approve the Agreement has been considered carefully here. It is felt, however, that there are strong arguments against this course.

2. In the first place, the Canadian Government would almost inevitably have to seek approval for most, if not the whole, of the 1941 Agreement, as originally signed. The United States Congress, on the other hand, will probably attach reservations to any approval it may give. It would be inappropriate for the Canadian Government to introduce reservations which could only be explained as clauses designed to appeal to the United States Congress. It would be difficult, moreover, to predict exactly what form the Agreement will take when Congress is finished with it.

3. In the second place, the arguments which the Government would have to use in asking Parliament to approve the Agreement might well be used by the opponents of the Agreement in Congress. The Government would have to argue, for example, that the implementation of the 1941 Agreement would be financially advantageous to Canada. Such an argument would be unlikely to appeal to legislators, as a reason for expediting Congressional approval of the project.

4. I must confess that I am greatly impressed by the foregoing arguments. I do not suggest that you convey them to the State Department. You might wish, however, to inform the State Department that it is unlikely that the prior approval of the Canadian Parliament will be sought.

5. At the same time, you might ask the United States authorities, in confidence, whether any other action could be taken by Canada which would facilitate Congressional approval. It might be pointed out, in this connection, that recent public statements by the Ministers of National Defence and of Transport, have stressed the importance of the waterway and power project. Similar statements in the future might, for instance, be prepared in the manner best calculated to impress Congress favourably. You might also state that the Canadian Government would be pleased to endeavour to supply statistics or other information which would be useful to the Administration in seeking approval for the Agreement.

6. I should appreciate being informed of the reaction of the United States authorities to these observations.

957.

DEA/1268-D-40

Note de la direction des affaires juridiques au conseiller juridique

Memorandum from Legal Division to Legal Adviser

CONFIDENTIAL

[Ottawa], March 17, 1949

STATUS OF THE ST. LAWRENCE PROJECT⁴⁴

In its present form, the St. Lawrence waterway and Power Project is a scheme for providing a 27-foot navigational channel from the Great Lakes to the sea, and for developing more than two million horsepower of hydro-electric energy in boundary waters. The St. Lawrence Project has been a subject of more or less active consideration by Canada and the United States since the turn of the century. Parts of the eventual waterway have been constructed by the Canadian and United States Governments, on their own initiative, but no over-all treaty or agreement, providing for the completion of the entire project, has ever been concluded between the two countries and brought into effect.

Supporters of the St. Lawrence Project are saying that it has a better chance of approval in 1949 than it has ever had. The statement is probably true. The importance of the Quebec-Labrador iron ore discoveries to the Great Lakes steel industry, and the emphasis which can be placed on the importance of the project to national defence, are providing strong arguments to counter the traditional opposition of U.S. East Coast port and railroad interests. But "a better chance than ever" does not necessarily mean an exceptionally good chance. The odds are probably no better than 50-50, even in 1949.

It is virtually certain, however, that *some* action on the St. Lawrence will be taken this year. This is because of the urgent need for power in Ontario and New York State, and the announced determination of the province and state to build a separate power development at the Long Sault, near Cornwall, Ontario, if the com-

⁴⁴ Le conseiller juridique se servit de cette note pour faire son rapport aux chefs des directions le 21 mars 1949. Le rapport imprimé concernant cette réunion omet les trois derniers alinéas. The Legal Adviser used this memorandum for his report to the Heads of Division on March 21, 1949. The printed record of that meeting leaves out the final three paragraphs.

bined power and navigation scheme cannot be implemented. The Prime Minister has said that the Canadian Government will not stand in the way of the separate power scheme, if Congress does not approve the larger project this year, and although President Truman has so far refused to commit himself he may well come to the same conclusion. If separate power development is permitted, completion of the waterway will recede into the indefinite future.

To a large extent, the fate of the waterway rests in President Truman's hands. There is no doubt that he favours the project. The question is what degree of priority he will assign to it, and how far will he be prepared to go in applying pressure on Congressmen from the West and South who have no strong feelings one way or the other. The U.S. Senate killed a St. Lawrence treaty in 1934 and both Houses of Congress have stalled on the present St. Lawrence agreement ever since 1941. Strong measures will be necessary to win an early and favourable decision. The Embassy in Washington hopes to learn soon how much ammunition the Administration will expend for this particular objective. When this is known, it may be possible to estimate the chances of the 1941 St. Lawrence Agreement with some degree of accuracy.

Meanwhile, the Canadian Government must be prepared for any eventuality, and the St. Lawrence Interdepartmental Committee, whose chairman and secretary are supplied by this Department, is concerned with both the combined power and navigation scheme and the smaller separate power plan. At the moment, the former is claiming most of the Committee's attention, and a great deal of work has been undertaken. There is little danger of Parliament failing to approve the project, but it will still need to be explained and justified in detail. The Interdepartmental Committee is preparing exhaustive studies covering all phases of the subject—engineering, financial, economic, defence, legal. External Affairs, Transport, Trade and Commerce and Defence have had personnel working full-time on these studies. The Interdepartmental Committee is also drafting an agreement for turning over to Ontario the power facilities to be constructed in connection with the combined scheme.

Work on the separate power plan is at present at a standstill, as far as this Department is concerned, pending clarification by Justice of some difficult legal questions of federal and provincial rights to water powers in navigable streams. The work on the separate power plan will shift into high gear, however, at the first intimation from Washington that hope for the combined scheme is waning.

958.

DEA/1268-U-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, March 25, 1949

RE: ST. LAWRENCE RIVER; NEW YORK-ONTARIO SEPARATE POWER PLAN

Annexed hereto, for your signature if you concur, is a letter to your colleague the Minister of Justice⁴⁵, asking that priority be given to certain questions submitted to his Department in August, 1948, in connection with the New York-Ontario separate power plan for the St. Lawrence River.

2. While it is regrettable that hastening action of this type appears necessary, further delay might result in exposing the Government to serious criticism.

3. Preliminary discussions between officers of this Department and of the Department of Justice, last July, brought to light the possibility that the Ontario Hydro application to the International Joint Commission might be found to be legally invalid and beyond the powers of the Ontario Government to authorize. It was urgently necessary to know the legal status of the application, therefore, and this was confirmed in a letter of August 3, 1948, a copy of which is attached as an enclosure to the letter to the Minister of Justice.† On at least one occasion during the fall of 1948, Mr. D.M. Johnson of this Department, then chairman of the Inter-departmental Committee on the St. Lawrence Waterway and Power Project, spoke to Mr. Varcoe⁴⁶ and emphasized that a reply was urgently required. In January, 1949, the Legal Adviser of the Department assumed the chairmanship of the Inter-departmental Committee, and on January 27 he wrote Mr. Varcoe stressing the dangers inherent in further delay. He spoke to him a few days later, and was assured that the matter would be dealt with at once. Neither written communication has, however, been answered.

4. If the Hydro application is found to be valid, the Government will have to decide whether to deal with it under the Navigable Waters Protection Act, or under special legislation as in the case of the Beauharnois development. Either procedure could involve lengthy delays. If the application is not valid, it might be necessary to proceed by concurrent federal and provincial legislation, which could also prove time-consuming.

5. If Congress rejects the combined power and navigation project, there will inevitably be strong pressure on both sides of the border for immediate action on separate power. Early action could be taken in Washington, since the New York application has been approved by all agencies concerned except the Federal Power

⁴⁵ Cette lettre fut envoyée le 26 mars et le ministre de la Justice en accusa réception le 31 mars.
The letter was sent on March 26 and acknowledged by the Minister of Justice on March 31.

⁴⁶ F.P. Varcoe, sous-ministre de la Justice/Deputy Minister of Justice.

Commission, which has completed its hearings and need only issue a license. Early action here would be virtually impossible as matters now stand.

6. The Canadian Prime Minister has taken a lead in favouring separate power development, if the combined project is rejected. You will no doubt agree that it would be most undesirable for Canada to be responsible in any way for delay in respect of the power development.

A.D.P. H[EENEY]

959.

DEA/1268-D-40

*Note du conseiller juridique
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Legal Adviser
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], April 5, 1949

RE: ST. LAWRENCE WATERWAY AND POWER PROJECT

The attached Associated Press item,† bearing today's date, says "the impression is wide-spread" in Washington that the St. Lawrence project has no hope of Congressional approval this session, or in fact before 1951. While the story is probably no more than speculation, its publication is likely to bring to a head the problem of the New York-Ontario separate power plan.⁴⁷

2. I attach a copy of a teletype message I have sent to the Embassy in Washington,† stressing the importance, from the Canadian point of view, of knowing what the United States Administration intends to do, and whether there is any chance of the waterway being approved this year.

3. My own guess is that the story is substantially true, but that the United States Administration will be loath to admit that it has virtually abandoned hope of winning the waterway this year. If the Embassy's reply confirms no more than this, however, I think it will be essential for us to proceed immediately on the assumption that the Canadian Government will have to admit that the waterway is a lost cause, and lend full support to separate power. Once the public becomes convinced that Congress will not act in 1949, whatever the United States Administration says, no other course will be open; the Prime Minister's statements on the subject make this clear.

4. The first step would probably be high-level discussions with Ontario to settle problems raised by Hydro's application to the International Joint Commission. Our complete unpreparedness for any such discussions, in view of Justice's failure to

⁴⁷ Ce reportage avait été rédigé par James Munn. Selon Wrong «it represents the honest opinion of an informed observer» (Ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures, WA-987, le 7 avril 1949, DEA/1268-D-40).†

The story was written by James Munn. According to Wrong, "it represents the honest opinion of an informed observer" (Ambassador in United States to Secretary of State for External Affairs, WA-987, April 7, 1949, DEA/1268-D-40).†

furnish the opinion requested last August, is the most distressing aspect of the situation.

5. The attached letter of March 31, 1949,† from the Minister of Justice indicates that the opinion will be forwarded "in the near future". In view of the growing urgency of the problem, I do not feel that this assurance is enough. I would appreciate it if you would speak to Mr. Varcoe, as you offered to do, and add the weight of your influence to the pressure which is being brought to bear on him for immediate action.⁴⁸

E.R. H[OPKINS]

960.

DEA/1268-U-40

Le sous-ministre de la Justice
au sous-secrétaire d'État aux Affaires extérieures
Deputy Minister of Justice
to Under-Secretary of State for External Affairs

Ottawa, April 8, 1949

RE: ONTARIO HYDRO APPLICATION TO THE INTERNATIONAL JOINT
COMMISSION—ST. LAWRENCE POWER DEVELOPMENT

Dear Sir:

I acknowledge your letter of August 3 and the material therein mentioned which I return herewith.⁴⁹

You forwarded a letter by the Chairman of Hydro-Electric Power Commission of Ontario to the Minister of External Affairs enclosing an application which the Chairman requested be submitted to the International Joint Commission. The application is addressed to the International Joint Commission and requests that the Commission approve the joint construction by the Hydro-Electric Power Commission of Ontario and the Power Authority of the State of New York of the works defined in paragraph eight of the application and the use by each of these authorities for the development of hydro-electric power, of one-half of the natural flow of the St. Lawrence River less that required for domestic purposes and navigation. The works set out in the application include the construction of a main power dam across the international boundary, the installation of power houses, the enlargement of the channels in the river, the construction of dykes, the re-location of canals and railways and contemplate the flooding of a considerable area of land in Ontario and New York.

The application is accompanied by a copy of an order of the Lieutenant-Governor in Council making certain regulations authorizing the Hydro-Electric Power

⁴⁸ Note marginale:/Marginal note:

Mr. Hopkins: I spoke to Varcoe this morning. He was working on the problem last night but "can't make his mind up". Will press on and get his opinion to us as soon as possible. Ap. 7.

A. H[ecency]

⁴⁹ Voir/See: Volume 14, Documents 1018-1020.

Commission of Ontario, amongst other things, to acquire by purchase or expropriation a considerable area of land, the southern border of which is the international boundary in the St. Lawrence River and which extends inland and along the St. Lawrence River for a considerable distance. I understand that this is the area that will be flooded as a result of the proposed project or that will otherwise be necessary for it. The area includes the present canals in or alongside the St. Lawrence River which are on property owned by the Crown in right of Canada. The area also includes railways and other works within the exclusive legislative authority of Canada. I understand that in some cases it is probable that the lands owned by the Crown in right of Canada extend to the international boundary and may include portions of the bed of the St. Lawrence River upon which part of the proposed works are to be constructed.

You request my opinion on a number of questions. The first two of these questions are:

- (a) Whether the Hydro has valid authority to submit the application;
- (b) Whether the Hydro has valid authority from the Ontario Government to undertake the development envisaged by the application.

I am of opinion that the Hydro-Electric Power Commission of Ontario has not authority to undertake the proposed works.

By the British North America Act, legislative authority in relation to "Works and Undertakings...extending beyond the Limits of the Province", is expressly excluded from the classes of subjects upon which the legislature of a province is authorized to legislate. The work or undertaking covered by the application would according to my reading thereof, appear to fall within this category of works extending beyond the limits of the province and it follows that the Legislature of Ontario has no authority to legislate in relation to the proposed work or in relation to its operation. The judgment of Mr. Justice Duff⁵⁰ in the *Water Power Reference* of 1929, particularly at p. 225, would appear to support this view.

The Power Commission Act of Ontario incorporates the Hydro-Electric Power Commission and contains extensive provisions regulating its business as operator of hydro-electric power works. It also confers many special powers and privileges such as the power of expropriation on the Power Commission as the operator of such works. In my opinion, it is beyond the legislative authority of Ontario to enact many of these provisions in relation to a work or undertaking, or the operation of a work or undertaking extending beyond the limits of the province. Therefore, the Power Commission Act should be interpreted as not being intended to apply in respect of such works or undertakings. It follows that the Power Commission has no authority under this Act to undertake the proposed works.

Moreover, it is well established that it is beyond the authority of the provincial legislature to authorize the expropriation or taking of any public property of the Crown in right of Canada or of any property forming part of a work, such as a railway, that is within the legislative authority of Parliament. The public property of Canada and such works are also excluded by express provisions of the British

⁵⁰ Lyman P. Duff, *Cour suprême du Canada/Supreme Court of Canada*.

North America Act from the classes of subjects upon which the legislature of a province may legislate. Even if the proposed works or undertakings were within the authority of the Power Commission, the order of the Lieutenant-Governor in Council authorizing the expropriation of these properties would be invalid. Since the whole area to be expropriated is treated as a unit and is to be flooded, I do not think it can be presumed that the Lieutenant-Governor would have authorized the expropriation of only part of the area unless it is clear that some provision is being made as to the expropriation of the balance of the area. I am of opinion, therefore, that the Order in Council, as a whole, must be considered to be *ultra vires* on this ground apart altogether from the matters mentioned above.

In my opinion, therefore, the answers to the first two questions, submitted by you, are that the Hydro-Electric Power Commission of Ontario is not authorized to undertake the proposed development and, therefore, has not authority to submit the application.⁵¹

It is, therefore; unnecessary to deal with the remaining questions.

Yours truly,

F.P. VARCOE

961.

DEA/1268-D-40

*Note du président, Comité interministériel
sur la voie maritime du Saint-Laurent et le projet hydro-électrique
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Chairman,
Interdepartmental Committee on the St. Lawrence Waterway and Power Project
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, April 9, 1949

RE: ST. LAWRENCE WATERWAY AND POWER PROJECT

The somewhat pessimistic view I expressed in my memorandum of April 5, 1949, regarding the chances of early Congressional approval for the St. Lawrence Waterway and Power Project, is I fear supported by information contained in a recent despatch and teletype message from the Embassy in Washington.†

2. Mr. Wrong emphasizes that there has been no change in Administration policy. The Administration remains committed to the project and to determined efforts to secure its approval by Congress. Nor is there any apparent increase in the opposition of Congressmen to the project itself. Nevertheless, the prospects of approval in 1949 have been steadily waning in recent weeks.

⁵¹ Les membres du Comité interministériel sur la voie maritime du Saint-Laurent et du projet hydro-électrique considèrent l'effet que pourrait avoir cette opinion, lors d'une réunion tenue le 12 avril 1949. On décida de rechercher l'emploi de procédures alternatives visant à faire acheminer le considération du développement d'un pouvoir hydro-électrique séparé.

The Interdepartmental Committee on the St. Lawrence Waterway and Power Project considered the effect of this opinion at its meeting on April 12, 1949. It was decided to explore alternative procedures to advance consideration of separate power development.

3. The facts are these:

(a) A move was instituted by the State Department early in the present session to have an individual of national prestige selected to act as coördinator of Administration efforts to obtain Congressional approval. To date, no suitable person has been found.

(b) The desultory pace of proceedings in the United States Senate, and the mass of essential legislation which has still to be considered, make it extremely doubtful whether the St. Lawrence project could reach the floor of the Senate, or even be reported upon by the Foreign Relations Committee, before the adjournment of the present session.

4. The difficulty is understood to lie in the Senate rather than in the House of Representatives. The latter House is fairly well advanced in its consideration of the essential legislation. However, no move is being made to proceed with committee action on the St. Lawrence, apparently because it is considered that prior action by the Senate would have a favourable effect in the House where the representatives of areas cool to the project are proportionately more numerous than in the Senate.

5. It is still too early to abandon all hope of Congressional action this year. I feel, however, that some thought should be given to a possible deadline, beyond which the Canadian Government may decide to act on the assumption that the project will not come to a vote in Congress in 1949. We could hardly rely on the United States Administration to tell us when the case becomes hopeless; the President has taken a strong stand on the subject, and he will probably be loath to admit defeat.

6. In these circumstances, the Government might wish, in the not too distant future, to consider the desirability of addressing a direct appeal to President Truman, asking him to modify his firm opposition to the New York-Ontario separate power plan, and to agree to allow the New York and Ontario applications to go to the International Joint Commission if Congress has not acted by a stipulated date, or if at an earlier date it becomes apparent that Congress cannot or will not act in time.

7. I will seek the views of the St. Lawrence Interdepartmental Committee on these matters at a meeting to be held on Tuesday, April 12, and will let you know the Committee's conclusions.

8. I have marked copies of this memorandum for the information of the Prime Minister and of the Secretary of State for External Affairs, and have referred it to all members of the Interdepartmental Committee.

E.R. HOPKINS

962.

DEA/1268-H-40

*Le secrétaire, Comité des chefs d'état-major
au président, Comité interministériel sur la voie maritime du
Saint-Laurent et le project hydro-électrique*

*Secretary, Chiefs of Staff Committee
to Chairman, Interdepartmental Committee on the St. Lawrence
Waterway and Power Project*

SECRET

Ottawa, April 22, 1949

Dear Mr. Hopkins:

With reference to your letter 1268-H-40 of 17th February,† I am directed to advise you that, at the 444th meeting of the Chiefs of Staff Committee, held April 5, 1949,† the various defence considerations which would result from the construction of the St. Lawrence Waterway and Power Project were discussed.

The Chiefs of Staff consider that the construction of the St. Lawrence Waterway would constitute an additional important target for attack but point out that any industrial development of considerable size could be similarly classified. The application of this factor as a criterion in assessing the value of undertaking industrial development or expansion could result in the nation's war potential falling behind the increasing Armed Forces requirements.

The present accepted forms and scale of attack to which Canada might be subjected in the event of war in the immediate future are such that the defence requirements for the St. Lawrence Waterway and Power Project would be comparatively small. The Chiefs of Staff are of the opinion, therefore, that, from the point of view of immediate local defence, there would be no military objection to the construction of the St. Lawrence Waterway.

When, however, the overall defence problem is considered in conjunction with the economic and industrial advantages which would result from the development of the St. Lawrence Waterway, the Chiefs of Staff feel that the Waterway would be of great military value and that the cost of defence of the Waterway in terms of manpower and equipment would be negligible when compared with the great addition to the nation's war capacity which would result from the construction of the project.

Accordingly, I am directed to advise you that the Chiefs of Staff recommend, from a military point of view, the construction of the St. Lawrence Waterway and Power Project.

Yours sincerely,
J.D.B. SMITH

963.

DEA/1268-D-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, April 25, 1949

RE: ST. LAWRENCE WATERWAY AND POWER PROJECT

Several private measures have been introduced in the United States House of Representatives, this session, calling for approval of the St. Lawrence Waterway and Power Project. No action has yet been taken on them. No measure sponsored by the Administration has been introduced in either the Senate or the House of Representatives.

2. President Truman remains committed to an all-out effort to win Congressional approval for the waterway and it is expected that an Administration measure will be introduced in both the Senate and the House of Representatives in the very near future. The slow pace of proceedings in the Senate, however, and the large volume of essential legislation which remains to be dealt with, make it extremely unlikely that Congress will reach a decision on the St. Lawrence question at the present session.

3. Support for the project continues to be quite strong, compared with that shown in previous years, and there is good reason to believe that Congress would approve the waterway in 1950 or 1951, if pressure for separate power could be resisted until then.

4. The Interdepartmental Committee on the St. Lawrence Waterway and Power Project is continuing its work in connection with the combined navigation and power scheme, in preparation for the unlikely event of heroic Administration efforts bringing early Congressional approval and consequent submission of the matter to Parliament.

5. At the same time, the Committee is giving increasing attention to problems connected with the New York-Ontario separate power plan for the International Rapids Section, bearing in mind the possibility that the Government may wish to allow separate power to proceed if Congress rejects the waterway or continues to delay reaching any decision.

A.D.P. H[EENEY]

964.

CEW/Vol. 3563

*Le président, Commission du pouvoir hydro-électrique de l'Ontario
au premier ministre*

*Chairman, Hydro-Electric Power Commission of Ontario
to Prime Minister*

Toronto, April 29, 1949

Honourable and Dear Sir:

Further to my letter of December 3rd last† and our conversation at Port Arthur Friday last.

Current press releases have caused deep anxiety to the Hydro-Electric Power Commission of Ontario. Such publicity has reflected a growing feeling of doubt related to the ratification of the St. Lawrence Development by the United States Senate at the present sittings of that august body. May I, sir, with respect, urge your Government to make forceful representations to the United States Government to the end and that this vitally important matter will be given deserved priority and consideration and that it be finalized at the present sittings. I assure you that an early decision is of the greatest importance to the future welfare of all people of Ontario.

Our Commission is hopeful that our present construction program will protect our consumers up to and, we hope, including the year 1952. Beyond that date we must look to resources which are not now under construction. Beyond the present program there are two main sources of energy to consider.

Firstly—The greater and more efficient use of the waters of the Niagara River. This will give us another 400,000 to 500,000 horsepower of energy.

Secondly, and of much greater importance—The development of the power resources of the St. Lawrence River with its available 2,200,000 horsepower, one-half of which would be available to Ontario.

We, as a Commission, are of course interested both in the navigation and power features, but are, of course, directly interested in the power section. If therefore the combined project is not proceeded with, then we urge that this Commission in co-operation with the Power Authority of the State of New York be allowed to proceed with the Power Development, in such a way that it will not in the future interfere with the development for navigation.

An early decision is of importance because of the fact that even after ratification it will take some five years before power can be generated and transmitted to our consumers. The alternative to the St. Lawrence is, of course, the construction of additional steam units, a step which would, we believe, be economically unsound and not in the best interests of the people of this Province or of the Dominion as a whole.

Our share of the St. Lawrence will give an average of some six billion kilowatt-hours per year. It is estimated that about one pound of coal will be required for each kilowatt-hour: or a total of six billion pounds—three million tons annually, (one of

the largest private electrical companies on the continent today uses 1.1 pounds per kilowatthour). Under existing conditions, this coal would be imported from the United States at a cost of say, six dollars per ton in the United States or eighteen million dollars annually—a very heavy drain on our national economy. If the St. Lawrence waterway is completed it may of course be economically possible to use Nova Scotia coal. On present estimates, the cost of power delivered at the power site on the St. Lawrence would be 2.6 mills per kilowatthour at 80 percent load factor. On the other hand, the cost of generating steam power based on present prices and at 80 percent load factor is estimated to be 7.7 mills at the plant. In other words, the St. Lawrence River Project would, if completed, give us power at some 5.1 mills less per kilowatthour than steam units—or at about one third the price of steam.

In closing may I repeat that, in the opinion of our Commission, the early development of the power resources of the St. Lawrence River is of vital importance to the welfare of all our people. With the greatest respect we urge that action be taken immediately along the lines suggested in the second paragraph of this letter.

Yours sincerely,

ROBERT H. SAUNDERS

965.

DEA/1268-D-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1269

Washington, May 6, 1949

CONFIDENTIAL

My WA-987 of April 7th, St. Lawrence Project.†

1. I have almost entirely given up hope that Congress will act on the St. Lawrence Project at this session and I think that, henceforth, we should base our calculations on this assumption. The jam in the legislative timetable in the Senate is in the main responsible, but I understand that there has been some weakening of support from interests which have come to favour the project. The United States Steel Company, for instance, is said to be turning towards a scheme for bringing iron ore into ocean ports and transporting it by rail to the mills. It is also suggested that the Hanna interests which had come out strongly in support of the project, have weakened for a similar reason.

2. Criticism is being stimulated in maritime circles over the depth of the proposed waterway on the ground that 28 feet is too little to benefit the United States merchant marine. This criticism has won some support inside the United States navy.

3. It was agreed two or three weeks ago at a White House conference that Senator [Scott] Lucas, the Majority Leader, would introduce legislation similar to that

before the last Congress. Shortly after, Senator Lucas was taken ill and is still in hospital, and no legislation has yet been introduced. I have been told in strict confidence that the Secretary of Commerce has been delegated to undertake the task of co-ordinating the efforts of the Administration to secure approval by Congress. He was selected partly because of his Department's interest in the project and also because the legislative programme of the Department of Commerce is very light, whereas that of the State Department includes over sixty separate items. This is too recent a decision to have produced any results as yet, but I have doubts whether Mr. Sawyer has sufficient prestige in the Administration and with Congress to make much headway.

4. Mr. Danielian⁵² recently told the State Department that the project could count only on 38 or 40 favourable votes in the Senate, so that 10 or 12 more votes would be needed to ensure passage. Unless more Senators can be lined up in advance, it seems unlikely that the Administration would press the Foreign Relations Committee to give time for it. It might have some chance at an autumn session, if one is held.

966.

PCO/Vol. 116

*Le secrétaire du Cabinet
à l'assistant spécial du premier ministre*
*Secretary to the Cabinet
to Special Assistant to the Prime Minister*

SECRET

[Ottawa], May 12, 1949

Dear Jack [Pickersgill],

At the end of Cabinet on Monday, the Prime Minister gave his preliminary and tentative blessing to a draft letter to President Truman on the St. Lawrence waterway and power development, which Russell Hopkins had drafted (copy enclosed),† subject to any observations which Mr. Howe might have to make.

I went over the draft with Mr. Howe later that evening. He felt, quite strongly, that it would be premature and impolitic for the Prime Minister to commit himself, at this time, to the development of international section power. It would be wiser to impress again on the President the importance and urgency we attach to early power development as part of the combined power and navigation project, perhaps supplementing this representation by an enquiry as to whether the United States would be ready, pending a definite decision on the combined project, to go forward with a supplementary scheme which would develop an additional 400,000 or 500,000 horsepower at Niagara.

This morning Mr. Howe and I saw Mr. Saunders, the Hydro Chairman. He was forthcoming and cooperative, and not disposed to make difficulties. He recognized

⁵² N.R. Danielian, membre éminent d'un groupe de pression relatif à la composante américaine de la voie maritime du Saint-Laurent.

N.R. Danielian, a prominent American St. Lawrence Seaway lobbyist.

that it might embarrass President Truman if Canada were to press publicly, at this time, for the power development of the international section if the combined project did not get through this Congress. He hoped the Government would do everything it could to help get early action from the United States, and insisted that the Hydro had to make definite plans, within the twelve-month, to meet the power shortage anticipated in 1954.

He said they were anxious to get ahead with their Niagara plans, which were not, however in any sense a substitute for the development of the power in the international section, and thought it might be helpful if, in any communications with the President on the general power situation, reference was made to our interest in confirming the present Niagara power allocations, so that long-run developments could be based upon them. He is returning to Toronto tonight, and wishes to check his impression of the Niagara position with Bethune Smith of the Canadian Niagara Power Company, and will confirm what he said in a letter to me tomorrow.

When I hear from Saunders, we will have a shot at preparing another draft for the Prime Minister's consideration, which will be sent forward to you.

Yours sincerely,

N.A. ROBERTSON

967.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, May 18, 1949

ST. LAWRENCE WATERWAY; NIAGARA POWER; RECENT DEVELOPMENT

13. *The Minister of Trade and Commerce and Acting Prime Minister* reported that the Chairman of the Ontario Hydro Electric Power Commission had visited Ottawa on May 12th for discussions with himself and the Secretary to the Cabinet.

Mr. Saunders wanted the Canadian government to approach U.S. authorities to urge development of hydro electric power in the International Rapids section as a separate project if the joint power and navigation project were not approved at an early date. It had been indicated to him that the government did not wish to take any action which might unnecessarily prejudice prospects of the joint project. However, the government would be prepared to emphasize to U.S. authorities their hope that progress might be made on the joint project during the present session of Congress.

Further power development at Niagara Falls was possible if confirmation by treaty could be secured for diversions now taking place under the present temporary agreements. Indication had been given to Mr. Saunders that the Federal government would be prepared to approach U.S. authorities on such a treaty if, after further investigation by the Commission, confirmation of their desire for the treaty and full details with regard to the proposal could be provided.

14. *The Cabinet* noted with approval the report of the Acting Prime Minister concerning representations to U.S. authorities with regard to power development on the St. Lawrence and at Niagara.

968.

DEA/1268-K-40

*Le président, Commission du pouvoir hydro-électrique de l'Ontario
au secrétaire du Cabinet*

*Chairman, Hydro-Electric Power Commission of Ontario
to Secretary to the Cabinet*

Toronto, May 20, 1949

Dear Sir:

RE THE ST. LAWRENCE DEVELOPMENT AND THE NIAGARA RIVER DIVERSIONS

At the conference held in the office of and with the Rt. Hon. Mr. C. D. Howe, it was suggested that I should set forth this Commission's opinion regarding the Niagara River Diversions.

Our present construction program will be completed in the year 1952 and will add to our present resources some 1,500,000 Horsepower of electric energy. This additional power will take care of our needs up to and, we hope, including 1952. It takes at least a three year period to plan and construct a new project. It will therefore be seen that if our people are to be protected beyond 1952 we must start immediately to plan projects that will give them the protection to which they are entitled. The St. Lawrence is of course our greatest need but with the passing of each day it, unfortunately, seems more and more unlikely that this important matter will be finally dealt with at the present sessions of the United States Senate.

In view of the foregoing, and keeping in mind our urgent need to proceed immediately with a development which can be finished in 1953, we urge that a concentrated effort be made to have the present Niagara River Diversions formalized by treaty and thus made permanent. It is expected that one of the prime requisites demanded by the Federal authorities of both Canada and the United States will be that the greatest benefit possible be secured from the water diverted from the river, both in regard to the head utilized and the efficiency of the plants themselves. Our Commission is willing and indeed anxious to conform to these requirements. Immediately upon the present diversions being made permanent, steps would be taken to construct an additional plant at Queenston to use some 15,000 to 25,000 cubic feet per second. This new plant would increase our resources from the Niagara River by some 450,000 to 500,000 Horsepower and, if authorization is given before the end of 1949, could be completed by 1953.

I might add that some months ago I was authorized by the Department of External Affairs to contact the Niagara Power Corporation—the organization using the diverted water in the United States. I believe that I am safe in saying that that company is in agreement with the opinions expressed in this letter regarding Niagara River Diversions.

Another point of information that I should add is that some months ago a detailed brief of this Commission on the subject of the Niagara was handed to Mr. Johnson of the External Affairs Department, which I am sure he would be only too happy to hand over to you. I also appreciate very much the permission given to me this afternoon to contact directly His Excellency Mr. Hume Wrong at Washington.

Yours sincerely,

ROBERT H. SAUNDERS

969.

DEA/1268-K-40

*Note du secrétaire du Cabinet
au premier ministre*

*Memorandum from Secretary to the Cabinet
to Prime Minister*

CONFIDENTIAL

Ottawa, May 27, 1949

RE: ST. LAWRENCE DEVELOPMENT AND NIAGARA RIVER DIVERSIONS

At the interview which Mr. Saunders, the Chairman of the Hydro-Electric Power Commission of Ontario, had with Mr. Howe and myself, he undertook to determine whether the conclusion of an agreement with the United States that would enable the development of additional power at Niagara Falls would allow further delay before pressing the United States to consider separate St. Lawrence power. Mr. Saunders' letter of May 20th on this matter is attached.

While Mr. Saunders does not state specifically in his letter that the Niagara development would remove the necessity of pressing immediately for St. Lawrence power, this is the implication and it was the understanding on which he was looking into the matter. What is wanted at Niagara is confirmation as a permanent arrangement of the diversions that are now allowed under temporary agreements. With such confirmation a new plant at Queenston would be developed which Mr. Saunders claims would develop an additional 450,000 to 500,000 horsepower by 1953.

The Interdepartmental Committee on the St. Lawrence are doubtful whether there is any possibility of getting present diversions confirmed as they are now heavily in favour of Canada. There are also contracts for the export of power from Canada to the United States at Niagara which would have to be considered in connection with any agreement on diversions. The engineers are, moreover, doubtful whether it would be possible to develop more than 320,000 horsepower rather than the 450,000 to 500,000 which Mr. Saunders mentions.

Mr. Saunders has apparently been in touch with Mr. Pearson direct about the possibility of his (Mr. Saunders) going to Washington to begin discussions on the Niagara diversions. Mr. Pearson was apparently in favour of his doing so and there would seem to be no objection, if it is understood that Mr. Saunders is representing

the Ontario Hydro and not negotiating on behalf of or expressing the views of the Canadian government.⁵³

In view of Mr. Saunders' anxiety to further negotiations as quickly as possible, it might be desirable for you to write to the President as originally planned but with a greater emphasis in the letter on the Niagara project.⁵⁴ If Mr. Saunders were not pressing, it might be desirable to get from him further clarification on the particular technical points that are involved at Niagara. However, in the circumstances, perhaps this should be dispensed with.

Latest word from Mr. Wrong after a conversation with the Secretary of Commerce is that there is no prospect for consideration of the joint St. Lawrence agreement by Congress at this session. The administration is aiming at securing Congressional consideration in January or February 1950. This information would not seem, however, to reduce the desirability of having your letter on the record as urging action as quickly as possible at this stage.⁵⁵

A draft letter from you to President Truman is attached.⁵⁶

N.A. R[OBERTSON]

970.

PCO/Vol. 116

*Le premier ministre
au président des États-Unis*

*Prime Minister
to President of United States*

Ottawa, May 27, 1949

My dear Mr. President,

During our recent conversations in Washington, reference was made to the desire of our governments that power development in the International Rapids section of the St. Lawrence River, as part of the St. Lawrence Deep Waterway project, should proceed at the earliest possible date. Since then my colleagues and I have been concerned over indications that the Great Lakes-St. Lawrence Basin Agreement of 1941 may not come into force this year.

We feel, as I know you do, that the development of navigation in the Great Lakes-St. Lawrence basin is, in the long term, at least as important to the economies of our two countries as the development of power. There is, however, a particular urgency to the power aspect of the project which the Canadian Government cannot overlook. The Hydro-Electric Power Commission of Ontario has indicated that its present construction program will provide adequate supplies of power only

⁵³ Cette note et les trois suivantes furent de la main de Louis St-Laurent:

This and the following three marginal notes were by Louis St. Laurent:

I agree LSL

⁵⁴ Yes

⁵⁵ I agree

⁵⁶ Please modify as suggested above LSL

until the end of 1952. After that date, large new sources of energy will have to be available. The resources of the International Rapids section of the St. Lawrence River would be by far the most economical source of power on a large scale. The only apparent alternative, the construction of steam units, would be very costly. Since St. Lawrence power production will take a number of years to achieve, an early start on the project is imperative if the industrial and other requirements of central Canada are to be adequately protected.

The first session of the new Parliament, which is to be elected on June 25th in Canada, will have to meet in the early autumn—most probably in September as financial supply has been voted only until then. If it were possible for Congress to act on the Agreement during its present session, the Canadian Parliament would be in a position to give consideration to the Agreement well before the end of this calendar year. I hope it may be possible to take advantage of these circumstances in order to achieve early action for the completion of the St. Lawrence Waterway and Power Project.

In our view, it would be unfortunate if a piece-meal program had to be authorized under which power development in the St. Lawrence system would take place independently of navigation development. Nevertheless, the special urgency of the power situation compels the Canadian Government to give serious consideration to the alternative courses of action which may have to be taken if approval of the combined project cannot be expected in the very near future.

In the meantime, the Canadian Government hopes that negotiations may be entered into for a new agreement, based on present diversions of water for power purposes at Niagara, which would permit the development of additional power for Canadian consumers. If such an arrangement could be confirmed, the Hydro-Electric Power Commission of Ontario would be prepared to proceed immediately with the construction of an additional plant which would substantially increase power production in that area, though it could not, of course, be regarded as a substitute for St. Lawrence power. It is our hope that both projects may go forward with as little delay as possible.

With kind personal regards,

Yours sincerely,

L.S. ST. LAURENT

971.

DEA/1268-K-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1555

Washington, June 3, 1949

CONFIDENTIAL

Following for Heenev from Wrong, Begins: My WA-1516 of June 1st,† Niagara diversions.

1. Saunders called on me this morning and I offered him whatever assistance we could give.⁵⁷ I said that I hoped they would be able to work out technical agreements with their opposite numbers in the United States to as advanced a point as possible, before the problem of the diversions became a matter for negotiation between the two Federal Governments. He said that it would suit their purpose best to have the present diversions, temporary and permanent, confirmed by treaty on a permanent basis. If this could be done immediately he could proceed forthwith to the development of additional facilities at Queenston, the urgency of the St. Lawrence development would be lessened, and there would be in fact a breathing space of two or three years. I said that I doubted whether the United States would be willing to agree to a treaty confirmation of the present diversions at this time.

2. I took Saunders to lunch with Commissioner Leland Olds of the F[ederal] P[ower] C[ommission]. Saunders suggested to him that the immediate confirmation of the present diversions would allow him to proceed with the Queenston project in time to prevent foreseeable shortages in the Niagara area. (Incidentally, he later remarked that if the Hydro could get the additional power at Queenston by 1954 they would not need St. Lawrence power until 1957 or 1958.) Olds said that even if agreement could be reached by the various United States interests concerned to recommend to the Senate a treaty confirming the present diversions, it was his firm opinion that the Senate would not pass such a treaty. He believed that the only treaty which would have a chance of success would be one embodying the following points:

- (a) Technical agreement of engineers on both sides of the line;
- (b) Agreement on the United States side between the Federal Power Commission, the Niagara Hudson Power Company, and the Power Authority of the State of New York;
- (c) An agreement which would embody not only present diversions, but all feasible future diversions;
- (d) An agreement which would take account of related factors such as scenic preservation, ice conditions, lake and port levels, etc., and

⁵⁷ Cette offre suivit la tenue d'une réunion présidée par Heenev le 30 mai.
This offer resulted from a meeting chaired by Heenev on May 30.

(e) An agreement for equal division of the water except of the Ogoki diversion, and ensuring efficient utilization of water.

3. Olds went on to say that a paper had been in course of preparation for some time in the F.P.C. which would take account of all these matters. He was aware that the first draft of this paper had already been seen by the engineers of Ontario Hydro. He was hopeful that it would be sufficiently advanced so that it could be discussed before the end of June on the technical level with the Canadians concerned, and that by that time it would have the agreement of both the Niagara Hudson Power Company and the Power Authority of the State of New York. If the plan could be accepted during the summer on a technical level it might be possible to have it submitted to both Federal Governments for discussion and to have it ready in treaty form for Senate action early in the next session. He was sure that the only hope for Senate approval would be to deal in this manner with all of the Niagara problems at once and on a permanent basis.

4. Saunders appeared to be fairly well satisfied with this progress report and the suggested course of action. He said that it would take slightly over three years to construct the planned new installations at Queenston, so that they ought to be started early in 1950 if possible. He agreed that it would be unwise to make any public reference at present to the study now under way. He expressed the hope that his engineers could see the report in the very near future.

5. Saunders is to see Snow of the State Department later this afternoon before returning to Toronto. If the meeting is anything other than an exchange of amenities, I will report separately on it. So far as I know, Olds and Snow are the only United States officials he is seeing. He is leaving for Canada this afternoon.

6. I hope and believe that Saunders was reasonably satisfied with his visit. Indeed, I think that he did not expect to accomplish more than he did. Ends.

972.

DEA/1268-K-40

Le président des États-Unis au premier ministre

President of United States to Prime Minister

Washington, June 8, 1949

My dear Mr. Prime Minister:

I have your letter of May twenty-seventh expressing the strong desire of the Canadian Government for early action by the United States on the agreement for the St. Lawrence Seaway and Power Project. I appreciate fully the reasons why such action is urgent to the Canadian Government.

I have urged the Congress to pass the necessary legislation as promptly as possible. Bills have been introduced in both the Senate and the House of Representatives for this purpose. The Senate bill introduced last week by Senator Scott Lucas of Illinois, for himself and nineteen other Senators, has been referred to the Senate Foreign Relations Committee. The next step will be hearings by the Committee or a sub-committee. It is my hope that the action of both houses will be prompt.

It is my view that the project should be handled legislatively as a single undertaking at this time. The urgent reasons for action on both the power and navigation phases of the program reinforce each other, and make the arguments for action now doubly strong. The Administration bills in Congress do not, therefore, contemplate separate action on either power or navigation.

You expressed the hope that negotiations might be entered into for a new agreement affecting the diversion of water for power purposes at Niagara Falls. This Government will be happy to reopen this general subject upon the submission of the preliminary engineering study now nearing completion. This study, as you perhaps know, has been conducted for more than a year jointly by the Federal Power Commission, the New York State Power Authority, and the Niagara Falls Power Company. The Hydro-Electric Power Commission, I understand, has been informally advised of its progress.

Very sincerely yours,
HARRY TRUMAN

973.

DÉA/1268-U-140

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

September 1, 1949

RE: NEW YORK-ONTARIO POWER PROJECT

In the debate on the subject of the St. Lawrence Waterway, at the last session of Parliament (January 28, 1949), Mr. St. Laurent said:

"I think it is only fair for us to say that if we cannot *at this time* get implementation of this agreement for the doublebarreled purpose of navigation and power, the value of the power is so great that we shall have to give serious consideration to going ahead and developing it on the power side alone."

The Prime Minister, thus, publicly indicated that the Government would wish to see separate power development proceed if Congressional approval for the Waterway and Power Project is not forthcoming at an early date. (This has been understood to mean before the end of 1949).

2. The latest information from our Embassy in Washington is that there is no hope of action by the United States Congress on the St. Lawrence Waterway and Power Project this year.

3. Certain parts of Ontario will probably be facing serious power shortages again this year. It is doubtful whether the Ontario authorities will be willing, in these circumstances, to shoulder alone all the criticism which might ensue, and it should be recalled that the present Leader of the Opposition,⁵⁸ when Premier of Ontario,

⁵⁸ George A. Drew.

always took a particular interest in the projected New York-Ontario Power Development. Criticism of the Government, for failure to deal decisively with the Ontario separate power application submitted in 1948, might seem to Ontario and to the Opposition to offer a convenient means of diverting public attention from the power shortages.

4. Consequently, it seems to me that the Government should at least offer to press the United States authorities for early action on separate power. Quick action could be taken in Washington, since the New York application has been approved by all agencies concerned except the Federal Power Commission, which has completed its hearings and need only issue a license. Early action here would be virtually impossible as matters now stand.

5. In a memorandum dated August 11, 1949† to Mr. Escott Reid, on the subject of "Speech from the Throne—St. Lawrence Waterway", the Acting Legal Adviser said in part that the St. Lawrence Interdepartmental Committee "may recommend to Cabinet that the Ontario authorities be approached to determine whether they now wish the Government to press for separate power, in fulfilment of the implied commitment in the Prime Minister's statement above".

6. This situation leaves little doubt as to the actual urgency of some action along the lines of the above recommendation; it is felt that such action should begin with the reorganization of the Interdepartmental Committee on the St. Lawrence Waterway and Power Project.

7. It would be necessary to appoint a new Chairman of the Committee to succeed Mr. Hopkins. I suggest his successor should be Mr. Guy A. Lindsay, Engineer-in-Charge, General Engineering Branch, Department of Transport of Canada, who has so far been one of the hardest-working members of the Committee. I do not consider it necessary for this Department to supply the Chairman. Since I think it would be desirable, however, to have this Department supply the Secretary, I am having an officer from either the American and Far Eastern Division or from the Economic Division named to replace Mr. Stansfield, who has been posted. If this suggestion is agreeable to you, you may wish to take this matter up with the Prime Minister or with the Cabinet so that steps may be taken to implement the appointment of a new Chairman to the Interdepartmental Committee on the St. Lawrence Waterway and Power Project.

8. I feel that, once reorganized, the Committee should consider a report to the Cabinet on Economic Policy, along the lines of this memorandum, with possibly a recommendation that a meeting should be arranged as soon as possible between the Prime Minister and Premier [Leslie] Frost of Ontario, in order to:

- (1) Discuss the whole subject, in the light of the recent developments;
- (2) Obtain the wishes of the Ontario Government with regard to having the Federal Government press for separate power;

(3) Settle the problems raised by the Ontario Hydro's application to the International Joint Commission, and especially the procedural aspects of it.⁵⁹

A.D.P. H[ENEY]

974.

DEA/1268-Q-40

Note du ministère des Affaires extérieures
Memorandum by Department of External Affairs

[Ottawa], October 7, 1949

MEMORANDUM ON THE INTERNATIONAL RELATIONS ASPECT OF THE JOINT
ST. LAWRENCE SEAWAY AND POWER PROJECT⁶⁰

Although hopes for early ratification have diminished, the policy of the present United States administration remains unchanged. The President, on three different occasions, the Secretary for Defence, the Secretary of the Interior, the Permanent Joint Board on Defence, and the State Department have all come out in favour of the combined seaway and power project.

The House of Representatives which is fairly well advanced in its consideration of the essential legislation of the present session, could consider the St. Lawrence Seaway project almost immediately. It is felt, however, that prior Senate ratification would help to win votes in the House in which the representatives of large eastern cities opposed to the project have a larger proportion of the membership.

In the Senate, although there is a strong and possibly increasing undercurrent of opposition to the project, the main difficulty at the present seems to be the desultory pace of legislative proceedings. A Sub-Committee of the Senate Foreign Relations Committee has been appointed to consider the St. Lawrence Seaway bill. This Committee consists of Senator [M.E.] Tydings, (D., Md.), Chairman; and Senators [W.F.] George (D., Ga.), [J.W.] Fulbright (D., Ark.), [Alexander] Wiley (R., Wis.), [Alexander] Smith (R., N.J.). This Sub-Committee was appointed by Senator Connolly, Chairman of the Committee at the insistence of the administration, and it is therefore puzzling to note that all its members except Senator Wiley have previously voted against the project. Senator Tydings has even said both publicly and privately that there will not be time for the Sub-Committee to even consider the Seaway bill this year. In fact the President has recently told Mr. Pearson that he doubted whether this Committee would ever hold any hearings but that he intended to put an end to this sort of stalling at the next session. He was not, however, optimistic about the outcome.

The procedure which the administration has adopted to present the bill to Congress had increased doubts about its legislative prospects. It had been previously

⁵⁹ Noté marginale:/Marginal note:

I agree LB P[earson]

⁶⁰ Note circulée aux membres du Comité interministériel sur la voie maritime du Saint-Laurent et le projet hydro-électrique.

Circulated to members of Interdepartmental Committee on the St. Lawrence Waterway and Power Project.

decided to nominate a man with national prestige to act as co-ordinator, much like the appointment of Paul Hoffman for ERP. No such man could be found and Secretary for Commerce, Sawyer, was finally given the task of presenting the legislation. It was felt that the Department of Commerce whose appropriation requirements were light was in a better position to handle the task than the State Department whose appropriation requirements were both numerous and heavy. Our Ambassador in Washington, however, feels that Secretary Sawyer has insufficient prestige with Congress to carry through such a difficult task.

Even the completion of the Committee stage before Congress reassembles in January is improbable due to the congestion of business in the Senate Foreign Relations Committee and to the lack of enthusiasm for the project of its Chairman, Senator Connolly. A fresh start may be made by Congress in January, but it is impossible to predict what order of priority will then prevail in taking up important legislative measures.

Outside of Congress informed opinion is divided and shifting. John Foster Dulles in a campaign speech for a Senatorship in New York State stated that the need for a waterway project was "highlighted by the startling flash of an atomic blast in Russia". "We need the St. Lawrence Waterway," he asserted, "as a defence against the possibility of an atomic war". His Democratic opponent, Herbert Lehman, also favoured the development. This is encouraging in view of the past opposition of New York interests to the project and because of the personal stature of these two men. On the other hand, there has been a weakening of support from the interests which were previously supporting the project. The United States Steel Corporation, for instance, is now arranging with the railway companies to bring iron ore from ocean ports by rail to its steel mills in the Pittsburg and Great Lakes area. The Hanna interests in Cleveland, which formerly strongly supported the project, have similarly weakened. There has been a certain amount of dissatisfaction in maritime circles over the depth of the proposed seaway which was felt to be insufficient to benefit the U.S. Merchant Marine. This feeling has now won the support of certain United States Navy circles.

In spite of these mostly adverse developments, the President has remained a steadfast supporter of the Seaway and power project. In his answer to the Prime Minister's letter of May 27, 1949, on the subject he wrote on June 15, 1949, "It is my view that the project should be handled legislatively as a single undertaking at this time. The urgent reasons for action on both the power and navigation phases of the programme reinforce each other and make the arguments for action now doubly strong. The Administration bills in Congress do not, therefore, contemplate separate action on either power or navigation". More recently the President assured Mr. Pearson of his continued and keen interest in the St. Lawrence development and he deprecated the short-sightedness of those who continued to oppose it. Later conversations between our Ambassador in Washington and State Department officials showed that the Administration, while now recognizing that nothing can be expected from the present Session of Congress, is nevertheless pressing us to wait until the January Session before making any move in support of a separate power project.

The power shortage in Ontario renders any delay in pressing with a separate power project both difficult and politically dangerous. Fortunately there seems to be a possibility to grant the delay asked for by United States authorities without prejudicing Ontario's power needs. During his last visit to Washington in June, the Ontario Hydro Chairman, Mr. Saunders, remarked that if the Hydro could get additional power at Queenston by 1954, there would be no need of St. Lawrence power until 1957 or 1958. In order to achieve this, it would be necessary to have the present diversions, temporary and permanent, confirmed by treaty on a permanent basis. The United States Federal Power Commission feels, however, that, in order to get through Congress, the new Niagara Treaty would have to be much larger in scope and would therefore entail negotiations of considerable complexity. Such a treaty would be conditional upon agreement on the following issues:

- (a) technical agreement of engineers on both sides of the lines;
- (b) agreement on the United States side between the Federal Power Commission, the Niagara Hudson Power Co. and the power authority of the State of New York;
- (c) an agreement which would embody not only present diversions but all feasible future diversions;
- (d) an agreement which would take account of related factors such [as] scenic preservation, ice conditions, lake and port levels, etc.;
- (e) an agreement for equal division of the water except for the Ogoki diversion, and ensuring efficient utilization of water.

If such a plan could be accepted before the winter on the technical level it might be possible to have it submitted to both federal governments for discussion and to have it ready in treaty form for Senate action early in the next Session. In any event, the only hope for Senate approval would be to deal with all the Niagara problems at once, and on a permanent basis. The Ontario Hydro Chairman seemed to be fairly well satisfied with this suggested course of action, but he hoped that the new installations at Queenston could be started early in 1950 if possible.

In short, support for the joint seaway and power project in Canada is firm and increasing, whereas in the United States, outside of the Administration, it is wavering and somewhat lessening. Furthermore, the jam in the legislative timetable of the Senate and the Congressional elections in 1950 make any ratification by Congress before 1951 unlikely. It appears therefore that the Canadian Government might have to back a separate power project, or even an all-Canadian seaway unless a new Niagara Treaty enables it to delay its decision.

975.

DEA/1268-K-40

Note du chef par intérim, direction des États-Unis et de l'Extrême-Orient

Memorandum by Acting Head, American and Far Eastern Division

RESTRICTED

[Ottawa], October 12, 1949

DIVERSION OF WATERS FROM NIAGARA FALLS

Mr. Richard Byrd of the United States Embassy left with me this afternoon Note No. 236 dated October 12† informing us that the President of the United States desires negotiations to be initiated with the Canadian Government for the drafting of a treaty between United States and Canada supplementary to the Boundary Waters Treaty of January 11, 1909 and amending Article 5 of that treaty with respect to the diversion of water from Niagara Falls and the division of diverted water between the two governments.

2. In handing me this Note, Mr. Byrd said that he had been asked to make orally the following four points:

(a) U.S. Federal Power Commission has been studying possibilities for redevelopment of power at Niagara Falls. A report on the studies is now under consideration by the Commission, and it is expected that upon approval by the Commission a copy will be made available to the Department of External Affairs.

(b) The President would like to report on the negotiations in his State of the Union message at the opening of the next session of Congress early in January.

(c) At the present time it is thought likely that the U.S. delegation would consist of one representative of the Department of State, one of the Federal Power Commission, one of the U.S. Army Corps of Engineers, one of the Department of Commerce, and possibly one of the Department of the Interior. There probably would be technical advisers attached to the delegation.

(d) Washington has been suggested as the site of negotiations so that the records of the Federal Power Commission may be readily available as a source of factual information.

3. In respect to point (a), Mr. Byrd said that he understood that in the preparation of the report now before the Federal Power Commission for consideration and approval, the Ontario Hydro-Electric Power Commission, the New York State Power Authority and the Niagara and Hudson Power Company had been consulted. This consultation had been in respect to the studies on which the report had been based but it was Mr. Byrd's understanding that none of these concerns had seen the completed report. Mr. Byrd said that he understood from Mr. Vallance, who is now in Ottawa for meetings of the International Joint Commission, that the report was to have been approved yesterday afternoon and that they hoped that copies would be available in Ottawa early next week. At my request, Mr. Byrd said that he would ask that a copy of the report should be sent directly to the Canadian Embassy in Washington. They would make six copies available to the Department here in Ottawa.

4. In respect to point (b), Mr. Byrd said that while he was only asked to say that the President would like to report on the negotiations in his State of the Union message to Congress in January, he understood, from his conversation with the responsible State Department officials, that the President would be greatly pleased if he could report completion of the negotiations. He said that the White House was taking a direct interest in this whole matter and illustrated this by saying that he was required to report the date and time of his handing this Note in to the Department.

5. In respect to point (c), questioned, Mr. Byrd said that the membership of the United States delegation suggested was only tentative. He thought it likely that the United States delegation would be headed by Mr. W.R. Vallance of the Legal Adviser's Office of the State Department because he was a member of the International Joint Commission and had a good deal of knowledge of the 1909 treaty and was familiar with many of the people dealing with this subject. I asked Mr. Byrd if he thought it likely that the New York State Power Authority or the Niagara and Hudson Power Company would be represented on the U.S. delegation or attend the meetings in an advisory capacity. Mr. Byrd said that from his conversation with Mr. Vallance and Mr. de Luccia, Chief of the Bureau of Power of the Federal Power Commission, yesterday he understood that the Federal Power Commission thought that the New York State Power Authority and the Niagara and Hudson Power Company had been satisfied for the present by the consultation which had taken place in the preparation of the report. They now thought that the argument as to who would assume responsibility for the distribution of any additional power made available by any amendment of Article 5 agreed to as a result of the proposed negotiations would not arise until after agreement had been reached.

6. In respect to point (d), Mr. Byrd had no additional comment to offer. He thought that the merits of Washington as locus of the negotiations were self-evident. Naturally, the State Department would be glad to consider any arguments we might wish to develop regarding the merits of Ottawa as a site for the negotiations.

7. In our general conversation, Mr. Byrd made two additional points that are probably worth recording. He said that in his conversation with Mr. de Luccia, Chief of the Bureau of Power of the Federal Power Commission, he had learned that the survey that had been made showed that through a more efficient use of waters Canada could obtain from Niagara Falls an amount approximately equal to the amount which it was expected might be obtained from the proposed hydro-electric development on the St. Lawrence. He said that this additional amount of power could be obtained without any additional diversion from the waters from the Falls. He remarked that possibly this information might tend to alleviate the present pressure being brought to bear on the Federal Government by the Province of Ontario to push ahead with the St. Lawrence hydro-electric power development plan. Mr. Byrd, at a later stage in our conversation, said that he understood that the report recommended that more water should be diverted from the Falls at night and in the non-tourist season. It would still leave 100,000 cubic feet a second during the daytime during the tourist season. Mr. Byrd had asked Mr. de Luccia how nighttime diversion would help with meeting power requirements of industry which placed the heaviest load on the systems during the daytime. Mr. de Luccia said that the

excess power developed at night would be used to pump water back up to reservoirs above the falls so that the flow over the falls would be evened up during the day and night. Mr. Byrd said that he understood that some such scheme as this was employed on the Rhine.

8. Mr. Byrd said that while he had not yet seen even a draft of the report being considered by the Federal Power Commission, he was not entirely satisfied, from his conversations with Mr. Vallance and Mr. de Luccia, that sufficient attention had been given to the scenery side of the Niagara Falls water diversion proposals.

9. I told Mr. Byrd that I assumed that the United States Government would wish to commence negotiations on the basis of the recommendations contained in the report which was now before the Federal Power Commission. Until we had received and had an opportunity to study the report it would be difficult for us to make a reply to the United States enquiry. I said that I thought it possible that before agreeing to enter negotiations on the basis of this report the Canadian authorities might wish to make some additional studies on their side of certain aspects of the problems raised. Mr. Byrd said he quite understood that and he thought that the State Department would understand that position too. In proposing the negotiations on the basis of the report, the United States Government would have done what it could to further the matter and the rest would be up to Canada.

A.R. MENZIES

976.

DEA/1268-K-40

Le premier ministre au premier ministre de l'Ontario

Prime Minister to Premier of Ontario

Ottawa, October 31, 1949⁶¹

My dear Premier [Frost],

The United States Government has inquired whether the Government of Canada would be disposed to enter into negotiations for the drafting of a treaty supplementary to the Boundary Waters Treaty of January 11, 1909, and amending Article V of that treaty, with respect to the diversion of water from Niagara Falls and the division of diverted water between the two Governments. A copy of the Note, No. 236, dated October 12, 1949,† from the United States Embassy is attached.

When this Note was submitted to the Department of External Affairs we were informed that the United States Federal Power Commission had been studying the possibilities for re-development of power at Niagara Falls and that a report by the Federal Power Commission would shortly be made available for our study. Copies of this report were not received in Ottawa until October 24. The Department of External Affairs immediately sent two copies to the Hydro Electric Power Commission of Ontario. On Saturday, October 29, officials of the interested federal Depart-

⁶¹ Lettre signée et envoyée le 2 novembre 1949.
Signed and sent on November 2, 1949.

ments had the benefit of informal exploratory discussions with Mr. Robert H. Saunders, Chairman of the Hydro Electric Power Commission, and two officials of the Commission. I understand that good progress was made at this meeting and that another has been arranged for November 5.

It is our hope that the negotiations proposed by the United States Government may begin as soon as possible. If you concur, I should like to be able to inform the United States Government that we would be disposed to enter into negotiations at an early date.

Yours sincerely,

L.S. ST. LAURENT

977.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, October 31, 1949

...

ST. LAWRENCE WATERWAY; AGREEMENT WITH ONTARIO AS TO DIVISION OF COSTS

7. *The Minister of Transport* reported that the agreement, which had been entered into between the Federal government and the Ontario government as to division of costs in connection with the St. Lawrence Waterway development, had expired. If the St. Lawrence Agreement were ratified by the United States, a new agreement with Ontario would be necessary. It was desirable to consider whether negotiations for such an agreement should be undertaken at the present time.

8. *The Prime Minister* suggested that, while it seemed undesirable at present to open negotiation for a new agreement, it might be helpful to approach the Ontario government at the official level. It might be stated that, in pressing for ratification of the St. Lawrence Agreement, the Federal government was doing so on the basis that the previous agreement with Ontario as to sharing of costs would apply, subject to correction to present day prices. Confirmation of that assumption might be sought. If such confirmation were forthcoming, enquiry might then be made as to the character and scope of adjustment the Ontario government felt to be necessary to bring the agreement into line with current prices.

9. *The Cabinet*, after discussion, agreed that an enquiry be made at the official level, on the basis suggested by the Prime Minister, as to the continued application of the agreement with Ontario on division of costs in implementing the St. Lawrence Agreement, subject to adjustment to bring it into accord with current prices.

978.

DEA/1268-K-40

*Le premier ministre au premier ministre de l'Ontario**Prime Minister to Premier of Ontario*

CONFIDENTIAL

Ottawa, November 24, 1949

My dear Premier,

In my letter of October 31, 1949, I informed you of the United States inquiry as to whether the Canadian Government would be disposed to enter into negotiations with respect to the diversion of water from Niagara Falls and the division of diverted water between the United States and Canada.

2. In the two informal meetings held in Ottawa on October 29th and November 4th, officials of the Hydro Electric Power Commission of Ontario and of the interested Federal Departments reached unofficial agreement on the main Canadian desiderata in such negotiations. A memorandum setting out these conclusions is attached. I should be grateful to learn whether you agree with these conclusions and whether you think they represent a satisfactory basis for discussion with the United States Government.

3. If you concur, I should like to propose to the United States Government that informal exploratory discussions be held in Washington, beginning on December 8th. These discussions would presumably result in the preparation of a draft treaty. Formal negotiations leading to signature could take place after the interested governments, including the Government of Ontario, had had an opportunity to consider the draft treaty. For the discussions it would be our intention to appoint as members of the Canadian delegation, in addition to Federal officials, Mr. Robert N. Saunders, Mr. R. L. Hearn and Dr. Holden, all of the Hydro Electric Power Commission of Ontario. I should be grateful if you could let me know whether you concur in these appointments.⁶²

4. In the fourth paragraph of the attached memorandum you will see a suggested provision that the flow over Niagara Falls must be not less than 100,000 cubic feet per second in the day-time in the tourist season. This is in line with what is suggested in the report prepared by the United States Federal Power Commission to which I referred in my letter of October 31st. That report goes on to define "day-time" for this purpose as the period between sunrise and sunset and implies that at sunset it would be in order to reduce the flow over the Falls to 50,000 cubic feet per second. As you know, however, the illuminated Falls at night attract many spectators, and it may be that a reduction in flow before midnight would be detrimental to the spectacle. On the other hand, it may be unnecessary to increase the flow to 100,000 cubic feet per second as early as sunrise. We have been considering a suggestion that "day-time" might be defined for the purposes of this provision in some

⁶² Le nom de l'hon. Charles Daley, président de la Commission des parcs du Niagara, fut ajouté à la délégation lors d'un échange subséquent de lettres.

By a further exchange of letters†, Hon. Charles Daley, Chairman of the Niagara Parks Commission, was added to the delegation.

other way—perhaps as the period from nine a.m. to midnight. The Great Lakes-St. Lawrence Basin Agreement of 1941 between Canada and the United States recognized that the preservation and enhancement of the scenic beauty of the Niagara Falls and River is the primary obligation on the governments concerned. In the light of that principle, you will, no doubt, wish to consult with the Niagara Parks Commission on this particular point as well as on any other questions relating to the possible effects on the scenic spectacle of the provisions suggested for the proposed treaty.

5. The Niagara Treaty will in effect supplant Article IX of the Great Lakes-St. Lawrence Basin Agreement of 1941. You will remember that when that Agreement was negotiated it was found necessary to negotiate a supplementary agreement between the Governments of Canada and Ontario. In our opinion a separate agreement between Canada and Ontario will similarly be needed when the proposed Niagara Treaty with the United States is concluded. Such an agreement might allocate financial responsibility for such undertakings as are envisaged in paragraphs 9 and 10 of the attached memorandum, and responsibility in the event of claims for damages; and might contain provisions analogous to those contained in Articles VII (c) and VIII of the 1941 Agreement between Canada and Ontario. A tentative draft agreement along these lines is now being prepared and will be sent to you for your consideration at a later date.

6. May I take this opportunity to express my appreciation for the very helpful way in which the Hydro Electric Power Commission of Ontario has cooperated in the recent informal discussions in Ottawa.

Yours sincerely,

L.S. ST. LAURENT

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

CONFIDENTIAL

[Ottawa], November 24, 1949

PROVISIONS TO BE SOUGHT IN THE PROPOSED NEW NIAGARA TREATY

1. The Governments should recognize "their primary obligation to preserve and enhance the scenic beauty of the Niagara Falls and River, and consistent with that obligation, their common interest in providing for the most beneficial use of the waters of that River." This is the language used in Article IX of the Great Lakes-St. Lawrence Basin Agreement of 1941.

2. The existing diversion at DeCew Falls of 1430 cubic feet per second for power and 370 c.f.s. for sanitation which was in effect before the Boundary Waters Treaty of 1909, should not be mentioned in the treaty, but the treaty should be so worded as not to interfere with the continuation of these diversions.

3. Canada should continue to have sole use of 5,000 cubic feet per second at Niagara in consideration of the diversion of a similar volume of water into Lake Superior by the Ogoki and Long Lac development.

4. (a) The flow over Niagara Falls must be not less than 100,000 c.f.s. in the day-time in the tourist season, nor less than 50,000 c.f.s. at all other times. These minima may be increased by, and at the discretion of, the Niagara Board of Control when in the opinion of that Board additional water is required for flushing ice above the Falls.

(b) The flow through the lower rapids must be not less than 100,000 c.f.s. in the day-time in the tourist season, nor less than 50,000 c.f.s. at all other times, provided that when, in the opinion of the Niagara Board of Control, additional water is needed for flushing ice in the lower rapids the total flow through the rapids must be not less than 80,000 c.f.s.

5. Subject to the overriding provisions in paragraph 4 above, diversion of water from the Niagara River for power generation, in addition to that specified in paragraphs 2 and 3 above, should be authorized as follows:

(a) The present diversion of 81,500 c.f.s. should be continued on a permanent basis.

(b) Diversion of water remaining after the provisions of paragraphs 2, 3, 4 and 5(a) have been satisfied should be authorized on an experimental basis for a trial period of ten years. It should be provided that, at the end of the trial period, the two Governments may, by exchange of notes, provide for the use, for power generation, of all water other than that required to satisfy the provisions of paragraph 4 above.

6. Water diverted in accordance with paragraph 5 above should be divided equally between the United States and Canada, provided that water equivalent to the amount used to produce power for export to the United States shall be considered to be part of the United States allocation although used in Canada, for a transition period until such time as it is possible for this water to be used in the United States.

7. There should be no restriction on the location of intakes on the Canadian side.

8. There should be no provision for an international body to study the advisability of control works at the outlet of Lake Erie. There is provision for such a study in Article VIII (d) of the Great Lakes-St. Lawrence Basin Agreement of 1941. Should that agreement not be ratified, the matter could be referred at a later date to the International Joint Commission.

9. It should be provided in the Treaty that the two Governments proceed with the completion of the Remedial Works at the Falls proposed by the Special International Niagara Board in 1929, the cost of such works to be divided equally between the two Governments.

10. The Niagara Board of Control, which was responsible for ensuring that the diversion of water does not exceed the total amount authorized, should continue to fulfil that function. The same Board, with appropriate alterations in composition and powers, or an additional international board, should be given the tasks of watching the effects of the additional experimental diversion and of designing and supervising the construction of the additional remedial works to be built above the Falls as envisaged in paragraph 9 above. The Niagara Board of Control should be given authority to order temporary reductions in the amount of water diverted

when, in the opinion of the Board, such reductions are necessary. These reductions would have to be applied equally to both countries.

11. Provision should be made for an equitable distribution between the Governments of the United States and Canada of the financial responsibility for any claims for damages that might arise as a result of action taken by, or negligence on the part of, the International Board or Boards concerned.

12. It should be made clear that this proposed treaty will supplant Article IX of the Great Lakes-St. Lawrence Basin Agreement of 1941.

979.

DEA/1268-K-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs
to Ambassador of United States*

NOTE 401

Ottawa, December 3, 1949

Excellency,

I have the honour to acknowledge your Note No. 236 of October 12th† in which you informed me that the President of the United States desires negotiations to be initiated with the Canadian Government for the drafting of a treaty between the United States and Canada, supplementary to the Boundary Waters Treaty of January 11, 1909, and amending Article V of that treaty with respect to the division of diverted water between the two Governments. You enquired whether the Canadian Government would be disposed to proceed with such negotiations in the near future, and, if so, whether Canadian representatives might be designated to commence the negotiations in Washington at an early date.

The Canadian Government welcomes the proposals of the President of the United States and will be glad to participate in negotiations for the drafting of the proposed treaty. It is the understanding of the Canadian Government that the proposed treaty will include provisions for the preservation and enhancement of the scenic beauty of the Niagara Falls and River.

Before entering into negotiations the Canadian Government considers that it would be desirable for experts from our two countries to discuss a number of questions of detail in a purely informal and exploratory way. If this proposal meets with the approval of the Government of the United States, I should like to suggest that such a meeting be held in Washington, beginning on December 8, 1949.

I would be grateful to learn whether this proposal would be acceptable to the Government of the United States.⁶³

Accept, Excellency, etc.

L.B. PEARSON

980.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, December 12, 1949

DIVERSION OF NIAGARA WATERS

15. *Mr. Burbridge* reported on the informal and exploratory talks held last week in Washington between United States and Canadian officials concerning the diversion of Niagara waters. The purpose of the meetings was to consider the possibility of a new treaty which would amend Article V of the Boundary Water Treaty of 1909, by allowing a greater amount of water to be diverted from the Niagara River for power purposes. The two groups agreed on a tentative draft treaty the main provisions of which are:

(a) The International Joint Commission will determine the nature and design and will supervise the construction of the remedial work necessary to preserve and enhance the beauty of the Falls. The main object of these works is to distribute the flow so as to produce an unbroken crest-line on the Falls.

(b) In order to preserve the scenic spectacle of the Falls and the rapids the flow is not to be reduced below:

(1) 100,000 c.f.s. between 8 a.m. and 10 p.m. e.s.t. from April 1 to September 15 of each year;

(2) 100,000 c.f.s. between 8 a.m. and 8 p.m. from September 16 to October 31 of each year and

(3) 50,000 c.f.s. at all other times.

(c) All water in excess of that required for scenic purposes may be diverted for power purposes. Such water would be divided equally between the two countries with the exception that until there are facilities in either country to use its full share of water, one country may use that portion for which facilities are not available in the other country; (this provision was inserted to cover the need for extra water in Canada to provide for the export of power to the United States under existing contracts).

(d) The provisions above govern all water flowing from Lake Erie to Lake Ontario except the quantity of water which is diverted by Ontario from the Hudson's

⁶³ Le Gouvernement des États-Unis donna son aval à cette proposition le 6 décembre 1949 (Note no. 295).†

The United States Government agreed to this proposal on December 6, 1949 (Note No. 295).†

Bay watershed into the Great Lakes Systems through Long Lac and Ogoki. The latter will continue to be available exclusively to Canada.

(e) Each government will appoint a representative to act jointly in the supervision of the diversions.

16. (a) The United States' group would not accept the Canadian proposal that water now being diverted through the Welland Canal for power purposes should be excluded from Canada's share. The Canadian argument was that diversions existing before the 1909 Treaty should not be interfered with in any future treaties between the two countries. The United States' group disagreed with this view and argues that it would be very difficult to obtain Senate approval of a treaty that would not give the United States half of the natural flow between the two Lakes.

(b) The Ontario Hydro representatives were not entirely satisfied with the provision (in Para. 15(c) above) designed to give Canada extra water until United States plants are in a position to supply power to the area now dependent on imports from Canada. They would have preferred a provision that would give Canada extra water as long as existing export contracts remain in force. The United States' group, on the other hand, argued that the two federal governments could not recognize private arrangements or contracts in the terms of a formal treaty between the two governments. A compromise was agreed upon by inserting in the preamble of the draft treaty a clause which provides that an opportunity should be given to each country to develop for power purposes its share of the diversions agreed upon in the proposed treaty. It was felt that this clause might provide a reason for the Canadian Government to refuse export permits for power once United States facilities were constructed for the use of the country's full share of the Niagara waters.

981.

DEA/1268-K-40

*Le ministre, ambassade aux États-Unis
au conseiller juridique par intérim*

*Minister, Embassy in United States
to Acting Legal Adviser*

Washington, December 12, 1949

Dear Ken [Burbridge]:

Since you left yesterday afternoon I have given further thought to the possible reasons for Saunders raising on Saturday morning two fundamental problems concerning the Niagara diversions which we understood to have been settled in the earlier discussions in Ottawa, and which certainly had been regarded as settled in all of our previous discussions amongst the Canadian group, including the Hydro representatives, while they were in Washington last week. I refer, of course, to his worries concerning the fluctuating amount of water left for power purposes after a set amount was allocated for scenic purposes, and to his statement that the Province of Ontario could not accept an agreement providing for equal diversion if the agreement did not make some provision concerning the export of the power developed by eight thousand cubic feet per second of the Canadian share.

Now I am inclined to think that, once Saunders saw we were able to reach agreement with the United States group on a draft treaty that was somewhat more favourable than the compromise to which we agreed at our meeting late Friday afternoon, his actions were not related to the discussions in Washington at all, but were related to the discussions you will shortly be having in Ottawa concerning an agreement between the Province and the Federal authorities.

On Saturday afternoon I showed to Saunders the new paragraph proposed to be added to the Preamble referring to the development of equal shares of the water for the benefit of the peoples of the two countries. While he agreed that this paragraph would be a useful addition to the draft, he still said that he was not satisfied without something more definite, preferably in the treaty, concerning the cancellation of export after the United States had had an opportunity to develop facilities to use their share of the water. I reminded him that at our first meeting the United States group had pointed out they could not accept a division of waters in the treaty that was tied into power contracts not within the control of the United States Government, and that the Canadian group, in a private talk, subsequently had decided we had to accept that position. I also reminded him at that time it had been agreed I should advise Fisher, outside of the formal meetings, that, in my personal opinion, it was probable export permits would not be renewed after the United States had had an opportunity to develop their facilities, and had reported to the Canadian group that Fisher's only comment was that if he had been in my shoes he would have taken the same position. You will recall that this matter was again discussed when you and I met Fisher, de Luccia, W. P. Snow and Colonel Potter before the formal Saturday meeting and all the United States group pointed out that since any export of power, or source of power from the United States was subject to permit that could be cancelled at any time there could not be objection by the State Department if Canadian permits were not granted.

I told Saunders I would take up with Ottawa the question of my exchanging personal letters with Fisher, in which I would point out that after the United States had had an opportunity to develop their share of the water it was probable export permits would not be renewed. I said that in any letter written we would be careful to show we did not consider there was an obligation to renew the permits, even at the present time, but that there was no present intention to cancel the permits until the United States had had time to develop their facilities.

Saunders suggested such a letter should make a statement that the unequal division of water in 1909 was based solely upon the contracts existing at that time to export power, but I pointed out to him that such comment in the letter would raise an irrelevant matter that might make it impossible to obtain an satisfactory reply.

I think it is very probable Saunders will ask that the agreement between the Ontario and the Federal authorities should provide that, upon request by Hydro, the Government will refuse to renew the permits after there has been time to develop United States facilities to use their share of the water.

While he is somewhat mixed up in his own mind as to the relationship between the export permits, the power contracts between the Hydro Electric Power Commission and the Niagara Lockport Company, and the lease to use the water granted

by the Niagara Falls Park Commission and the Canadian Niagara Power Company, I think he realizes the contract and the lease are matters that must be overcome by Provincial action alone. I did my best to point out to him that in my opinion the Canadian Government could not contribute towards the solution of these problems.⁶⁴

Yours sincerely,

W.D. MATTHEWS

DEA/1268-D-40

982.

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Washington, December 13, 1949

Dear Mr. Heenev:

Yesterday I presented Mr. Keenleyside and Mr. Odell to the new Secretary of the Interior, Mr. Oscar Chapman. During our talk I turned the subject from the proposed Lewes River power project on the Alaska-Yukon boundary to the prospect of early action on "the St. Lawrence project." Mr. Chapman, who talks freely and frankly and has been for many years a strong supporter of the full St. Lawrence development, said that in his judgment the aim should be to secure the approval of the 1941 Agreement by the Congress at the first session after the next elections in November, 1950. He believes that it will take as long as this for public support for the project to grow to a point at which the opposition in Congress can be defeated. He is satisfied that public support is increasing considerably and that the approach of a serious power shortage in the New England area is beginning to convert some opponents. The New England states, except Vermont, and most of the Atlantic seaboard states constitute the region of solid opposition to the development.

Mr. Chapman went on to say that at the forthcoming session he hoped that there would be active discussion of the project, but that an attempt to bring it to a vote would be premature. He added that he was strongly opposed to a separate power development on the river, both on the ground that a large area interested in the seaway would be completely unconcerned about a development confined to power and because he is a firm believer in the necessity of building the seaway. I said to Mr. Chapman that from the point of view of power supply the Province of Ontario would urgently need St. Lawrence power by 1957 or 1958, adding that if the approval of the whole project seemed unattainable in the fairly near future the Canadian Government would be inclined to support a power development alone. (If the Niagara Convention which we are now negotiating does not come into effect in

⁶⁴ Note marginale:/Marginal note:

At an earlier meeting in Ottawa, this problem was pointed out to Hydro as one they had to solve.
KJ B[urbridge]

1950, Ontario will be very short of power before 1957 and 1958, but if the Convention is signed and ratified, these will be the next critical years according to Mr. Saunders and other officers of Ontario Hydro.)

I am doubtful whether we should try to influence the Administration to endeavour to secure a vote at the forthcoming session. Mr. Chapman's estimate of the political chances is in general accord with other opinions which we have heard here. If, however, it is strongly felt in Ottawa that we should do all we can to bring the Agreement into effect in 1950, I think that it would be a good idea for the Prime Minister or Mr. Pearson to have a talk with Mr. Steinhardt before Christmas, and also for me to be asked to go the rounds of the Cabinet members principally concerned in Washington.

Yours sincerely,
H.H. WRONG

983.

DEA/1268-K-40

*Note de la direction des États-Unis et de l'Extrême-Orient
au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from American and Far Eastern Division
to Deputy Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 15, 1949

NIAGARA DIVERSION

Draft Treaty

1. Attached is a copy of the draft treaty† which resulted from the informal discussions in Washington. You may wish to examine this draft before the meeting on Friday with Mr. Saunders.

Exports of Power

2. It seems probable that Mr. Saunders will bring up in that meeting the question of terminating exports of power. He was not entirely satisfied with the way this matter was left, although Mr. Matthews felt that our group had done everything practicable to meet the Ontario point of view.

3. The first Canadian draft contained a transitional provision to the effect that while exports of power under contract continued, the water used for that power would be regarded as water diverted by the United States. The United States group refused to recognize in a treaty the existence of these private contracts. They also objected to any wording which would mean that a private United States company could, by entering into a contract to import power from Canada, reduce the allocation of water on the United States side.

4. Consequently, the formula in Article VIII of the present draft was devised. Mr. Saunders, although apparently satisfied with this at first, later decided that it was inadequate since it did not provide for termination of the exports when the United States facilities are constructed and the extra water reverts to the United States. The exports could continue, using Canadian water. Mr. Matthews then suggested that a

letter might be sent from the Embassy to the State Department pointing out that when the United States has facilities to supply the power now being imported, the Canadian Government might decide to refuse further permits for the export of firm power at Niagara. I believe he is now preparing a draft letter along this line which he will ask Ottawa to approve. To strengthen the hand of the Canadian Government, should it wish to refuse export permits at some future time, the fourth "paragraph" of the Preamble was inserted. That seemed to be all the two federal governments could do to help Ontario solve an essentially domestic problem. There is still a private contract between the Canadian Niagara Company and its United States parent, the Niagara Hudson Company; there is also a long lease on the use of water, granted by the Niagara Parks Commission to the Canadian Niagara Company.

5. You will remember that there was some discussion on this question with the Ontario Hydro representatives in our preliminary meetings in Ottawa. At that time Mr. Saunders apparently thought that the Ontario Government would, if necessary, take legislative action to terminate the lease. Our files show, too, that in an informal meeting in Ottawa on November 18, 1947, at which this same subject came up, Mr. Hogg⁶⁵ pointed out that the Ontario Hydro must arrange to purchase the Canadian Niagara plant and added that this is not a governmental concern but purely a transaction to be arranged between the Ontario Hydro and the Niagara Hudson Power Corporation. This was also recognized in the report on proposed redevelopment at Niagara which the Ontario Hydro issued in 1948.

6. You will see hereunder a letter from Mr. Matthews to Mr. Burbridge setting out Mr. Matthews' views on this problem.

Procedure for Arranging Canada-Ontario Agreement

7. This meeting may be a good opportunity to discuss how we may best proceed with negotiations for an agreement between Canada and Ontario. In our letter to Mr. Frost we mentioned the need for such an agreement and said we were preparing a draft which would be sent to him. However, Mr. Marr⁶⁶ feels that it may be rather high-handed to send a draft agreement to Ontario without some preliminary discussion with representatives of the Ontario Government. It might be desirable to ask Mr. Saunders whether he thinks a meeting should be arranged between representatives of the Ontario Government and Federal officials to prepare a draft agreement.

P.G.R. CAMPBELL
for American and Far Eastern Division

⁶⁵ Thomas Henry Hogg, ancien président, Commission hydro-électrique de l'Ontario (1937-1947), par la suite ingénieur en conseil qui représenta la province de l'Ontario au sein de la section canadienne, Conseil mixte d'ingénieurs, projet de la voie maritime du Saint-Laurent.

⁶⁶ Thomas Henry Hogg; formerly Chairman, Hydro Electric Commission of Ontario (1937-1947), thereafter an engineering consultant who acted for the province of Ontario on the Canadian Section, Joint Board of Engineers, St. Lawrence Waterways Project.

⁶⁶ Norman Marr, ministère des Mines et Ressources/Department of Mines and Resources.

984.

DEA/1268-D-40

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Under-Secretary of State for External Affairs
to Ambassador in United States*

CONFIDENTIAL

Ottawa, December 30, 1949

Dear Mr. Wrong:

I have discussed with Mr. Pearson the question raised in your letter of December 13th as to whether we should seek to influence the United States Government to try to secure a vote on the St. Lawrence Waterway and Power Project at the forthcoming session of Congress.

Mr. Pearson is not willing to have us undertake any campaign or lobbying for action in 1950. On the other hand, he does not wish colour to be given to any suggestion that we have concurred in or accepted the necessity of further postponement. As the occasion offers, you should mention our continued interest in action at the earliest opportunity.

Yours sincerely,

A.D.P. HEENEY

985.

PCO/Vol. 116

Note du ministre des Transports au Cabinet

Memorandum from Minister of Transport to Cabinet

CONFIDENTIAL

December 30, 1949

RE: CANADA-ONTARIO AGREEMENT ON THE ST. LAWRENCE WATERWAY PROJECT

Due to the increased costs of construction since 1941 and changes now proposed in the 1941 Canada-United States St. Lawrence Agreement, a new agreement with the Province of Ontario providing for the improvement of the International Rapids Section for navigation and power will have to be negotiated to replace that signed in 1941. The Interdepartmental Committee on Great Lakes-St. Lawrence Development have been considering if it would be desirable to open such negotiations with the Province at the present time.

With the object of assisting in the reaching of a decision, the Committee have defined the arguments for and against such action, and they are cited hereunder:

1. Main arguments in favour of negotiating a new agreement at the present time—

(a) The net first cost to Canada and the annual charges resulting therefrom cannot be estimated until it is known definitely how much Ontario will pay on account of the works to be constructed in the International Rapids Section.

(b) At the present time Ontario can estimate what the development of the International Section for "Power Alone" would cost. The saving in the cost of power to

the Province resulting from the improvement of the Section by a joint navigation and power project cannot be determined until a new Canada-Ontario Agreement is completed. The extent of this saving might influence the Province to defer its application for development for "Power Alone" until they are assured there is no further hope for a joint development.

(c) The present agreement provides that Canada shall acquire the lands necessary for the carrying out of the Project. It has been suggested that, in order to prevent speculation in these lands, plans for expropriation be filed immediately the Canada-United States Agreement is ratified. If it is decided that Ontario will assume responsibility for acquiring these lands, then a new Agreement should be negotiated prior to the ratification of the Canada-United States agreement so that the Province will be in a position to fulfil this part of their obligation.

2. Main arguments against negotiating a new agreement at the present time—

(a) The international commitments and financial arrangements cannot be clearly defined nor the overall national position known until Canada has a confirmed agreement with the United States. The situation has altered completely from that in 1941, when the international project required the support of a simultaneous agreement with Ontario in order to ensure satisfactory disposal of the Canadian share of the power development. Today there is no doubt about the marketability of either the power or the installations; on the contrary Ontario expects to have urgent need of power from the St. Lawrence almost as soon as it can be developed, and will have no alternative sources other than more costly steam generation. Thus assured of satisfactory disposal of Canada's share of the power from the joint project, it would be imprudent to open such negotiations until all the conditions of the complete project are known.

(b) If an agreement should be arrived at with the Province providing for the division of cost of the project as between navigation and power and the International Agreement should fail of ratification or be radically changed in any respect, then Canada might be committed to certain principles that might be inapplicable to the new situation.

It might be added that should it be considered desirable to complete an agreement with the Province at the present time, the Committee will submit a memorandum outlining the changes that might be made in the previous Agreement.

Submitted for the consideration of Cabinet.⁶⁷

LIONEL CHEVRIER

⁶⁷ Lorsque le Cabinet considéra cette question le 5 janvier 1950, le ministre du Commerce émit un commentaire à l'effet «that the Federal Government would be in a better bargaining position with Ontario and discussions would be more realistic if they were held at a time when ratification of the Canada-U.S. Agreement was imminent.» Le Cabinet décida, en conséquence, de ne pas «take the initiative in renegotiating the Agreement with Ontario.» When Cabinet considered this question on January 5, 1950, the Minister of Trade and Commerce observed "that the Federal Government would be in a better bargaining position with Ontario and discussions would be more realistic if they were held at a time when ratification of the Canada-U.S. Agreement was imminent." Accordingly, Cabinet decided not to "take the initiative in renegotiating the Agreement with Ontario."

SECTION D

DÉTOURNEMENT DE LA RIVIÈRE FRASER
DIVERSION OF FRASER RIVER

986.

DEA/5252-40

*Note de la direction des États-Unis et de l'Extrême-Orient**Memorandum by American and Far Eastern Division*

[Ottawa], August 31, 1949

APPLICATION MADE BY THE ALUMINUM COMPANY OF CANADA LIMITED FOR LICENCE TO DIVERT WATERS FROM SOURCES IN THE FRASER RIVER WATERSHED

Following the receipt of Note No. 204 of August 18, 1949, from the United States Embassy† and its reference to the Department of Fisheries, a meeting was held at 11 o'clock, August 30, in the office of the Assistant Deputy Minister of Fisheries, West Block, which the following persons attended:

Dr. Stewart Bates—Deputy Minister of Fisheries

Dr. A.W.H. Needler—Assistant Deputy Minister of Fisheries

Mr. G.R. Clark—Director of Western and Inland Fisheries

Mr. A.R. Menzies—Chief of American and Far Eastern Division, Department of External Affairs

Mr. C. Hardy—American and Far Eastern Division, Department of External Affairs.

2. For background information, it was said that the Aluminum Company of Canada, Limited, had, over the last four years, conducted surveys in the Fraser River watershed in connection with the use of water from Chilko Lake and other sources for eventual aluminum and hydro-electric plants to be established in that region. The company has now applied formally with the Government of British Columbia for licences to divert and use water from Chilko Lake and two other sources in the Fraser River watershed.

3. The International Pacific Salmon Fisheries Commission has expressed its grave concern with this matter since the granting of such licences would result in the destruction of a great part of the sockeye salmon runs in the Fraser River system and would, consequently, nullify the work of restoration undertaken by the Commission over a period of years.

4. It was mentioned at this meeting that, in the end, decision to grant the licences requested by the Aluminum Company might rest with the Government of British Columbia. However, it was pointed out that, according to the Legal Counsel of the Department of Fisheries, the Federal Government had at present the necessary authority to intervene and prevent the granting of the licences even if it might well prefer to refrain from using this authority.

5. The interest of the Fisheries Department in this matter stems from its concern, which is shared (as mentioned above) by the International Pacific Salmon Fisheries

Commission, the fishing industry on the Pacific Coast and provincial fisheries authorities in British Columbia, over the consequences on the runs of the sockeye salmon of the diversion and use by the Aluminum Company of the waters in the Chilko River watershed. It is understood that under the project of the Aluminum Company the present bed of the Chilko River would become quite dry, thus depriving the sockeye salmon of its spawning ground.

6. Dr. Bates wished to emphasize that, in his opinion, the matter was not one of weighing the value of the sockeye salmon fishing industry to the Province of British Columbia against the value which would result from the realization of the plans now being put forward by the Aluminum Company of Canada. The matter was whether or not a well-established fishing industry would be left to be destroyed by the establishment in the Chilko watershed of a new industry which might easily be located elsewhere in the same province. There was no doubt that there was place for both industries in the Province of British Columbia.

7. It was felt by the persons attending this meeting that, discounting for the present the possible use by the Federal Government of its authority as mentioned in paragraph 4 above, there were two possible ways for the Federal authorities to intervene in this matter:

(a) Have the matter studied by the Cabinet, following which the official views of the Government could be sent to the Government in British Columbia.

(b) Have the question taken up directly by the Department of Fisheries with the provincial authorities.

8. The representatives of the Department of Fisheries were afraid that, should the matter be studied by the Cabinet, where a complete picture would have to be presented, the crux of the question might easily be lost sight of, and it might be felt (wrongly, in the opinion of Dr. Bates) that it was a question of balancing the advantages of one industry against the other. It is for this reason that the second course of action had more appeal since it would enable the Department of Fisheries to take up the matter with the provincial authorities, purely from the fisheries point of view, and to emphasize the wastefulness of having the salmon industry in British Columbia handicapped by the establishment of a new industry which might very well be established elsewhere in the same province, which would thus get the benefits of both industries.

9. Public hearings will take place in October, presumably, in British Columbia, on the applications for licences submitted by the Aluminum Company of Canada, Limited, and it is understood that the Federal Department of Fisheries will present its views, together with the fishing industry of British Columbia and other interested persons and groups.

10. For the moment, it was agreed that, inasmuch as this Department was concerned, the matter would rest entirely in the hands of the Department of Fisheries,

which would endeavour to let us know of all official and unofficial information that might come to their attention.⁶⁸

CHRISTIAN HARDY

SECTION E

COMMUNICATIONS ROUTIÈRES ET FERROVIAIRES AVEC L'ALASKA
ROAD AND RAIL COMMUNICATIONS WITH ALASKA

987.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

Ottawa, October 19, 1949

RAILWAY—PRINCE GEORGE, B.C., TO FAIRBANKS, ALASKA; U.S. LEGISLATION
AUTHORIZING NEGOTIATION

4. *The Minister of National Defence and Acting Secretary of State for External Affairs* reported that both Houses of Congress in the United States had passed a measure which would authorize the President to enter into negotiations with Canada for a survey with a view to construction of a railway from Prince George, B.C. to Fairbanks, Alaska. The U.S. Embassy had enquired whether the Canadian government would wish to express any views on the measure before its presentation to the President for signature.

It had been indicated in estimates that the railway, 1,400 miles in length, would cost \$180,000 a mile. It was thought there was no prospect whatever that it could operate without heavy loss. The Canadian government had previously indicated that it felt the proposal for such a railway was premature and this had been mentioned in the proceedings of the Senate committee in Washington.

5. *The Cabinet*, after discussion, agreed that the U.S. Embassy be informed that, while the Canadian government did not feel it would be appropriate to express any view with regard to the desirability of the measure which had been passed by Congress, it was of the opinion that any negotiations or survey with a view to a railway from Prince George, B.C., to Fairbanks, Alaska, would at present be premature.

⁶⁸ Le ministre des Pêcheries écrit au premier ministre de la Colombie-Britannique le 2 septembre 1949.

The Minister of Fisheries wrote to the Premier of British Columbia on September 2, 1949.

988.

DEA/50205-40

Note de la direction de liaison avec la défense
Memorandum by Defence Liaison Division

SECRET

Ottawa, December 7, 1949

PROPOSALS FOR B.C.-YUKON-ALASKA RAILWAY

Wartime Developments

In 1942, the Canadian Government permitted the U.S. Army Engineers to conduct a survey of the Rocky Mountain Trench route (north from Prince George, along the valleys of the Parsnip, Finlay, Kechika, Frances and Pelly Rivers to Fairbanks). When the survey was completed in October, 1942, the U.S. made no request for permission to construct owing to shortages of manpower and materials. The Trench route is one that would probably be chosen should it ever be decided to proceed with the railway project. It traverses 530 miles in B.C. and 650 miles in the Yukon. The Survey Report was made public in 1943.

Post-War Developments

In November 1947, Mr. Willis T. Batcheller, head of a Seattle firm of consulting engineers, discussed the railway project with Mr. Howe and the V[ice] C[hief of the] G[eneral] S[taff], who apparently expressed polite interest, but no more than that.

At the February 1948 meeting of the P.J.B.D., at the request of the U.S. Section and with the approval of Cabinet Defence Committee, the Canadian Section reported that the interested Canadian civilian departments did not see any present need for a railway, which, it was estimated, would have an annual deficit of 25 to 50 million dollars. It was reported that the views of the Chiefs of Staff were that while, from a long term strategic point of view the proposed railway could be useful, Canadian peacetime military requirements can be met by existing systems and there is not likely to be sufficient military traffic in the near future to permit economic operation. The U.S. Section reported that the U.S. joint chiefs had reached very similar conclusions.

On October 1, 1948, Mr. Howe, replying to a letter he had received from Mr. Batcheller, stated that the Federal Government was not planning to put any funds into the proposed railway to Alaska.

In November, 1948, the U.S. State Department proposed a meeting in Ottawa with representatives of the Transportation Sub-Committee of the Inter-Agency Committee on Alaskan Development to discuss (i) the hard-surfacing and year-round maintenance of a road from the U.S. to Alaska, as well as the Haines Cut-off and (ii) the initiation of a comprehensive study of the railway project.

These discussions were urged in the interests of the defence and development of the Canadian and U.S. Northwest. The State Department's proposal was considered very carefully by an inter-departmental group which included high ranking officials, and later, by Cabinet and, on the decision of the latter, a reply was sent to the U.S. authorities on December 9, 1948. Its principal section read as follows:

"The Canadian authorities, of course, are keenly interested in the development of the Canadian Northwest, and appreciate the relationship between conditions in that area and those in Alaska. At the same time, it is felt that existing surface transportation facilities in Northwestern Canada are not being used to anything approaching the capacity that their present condition permits, and that they are unlikely to be so used in the near future. In this connection there might be mentioned, among other facilities, the rail-sea route through the Prince Rupert, B. C. railhead, and the rail-highway route through the Dawson Creek railhead. Moreover, as you know, the Alaska Highway System and the roads to the south of it are, with other routes in the Northwestern Canada, being steadily improved. Under the circumstances, it is felt here that it would probably be somewhat premature to discuss at this stage construction projects of the types referred to in your letter."

When the State Department's proposal was considered in Ottawa, those concerned were chiefly impressed by the fact that the existing surface facilities in the Northwest are only being used to a fraction of the capacity that their present condition permits and that construction on roads other than those connecting the U.S. with Alaska therefore deserve the priority that is being given to them. It was also realized that, were the U.S. to be permitted to perform or pay for a significant portion of the proposed communications, it might well have a serious psychological effect on the "new" Canadians in the Northwest, who were greatly impressed by U.S. activities in that area during the war. It was also noted that it was U.S. shipping legislation that has prevented effective use of the railway route through Prince Rupert and also that it is open to the U.S. to develop the sea ports in Alaska and internal road and rail communications there. Also, it was estimated that if standard construction were used, the cost would be about \$180,000 per mile.

We learnt at the time that the Department of the Interior was the main proponent of the State Department's proposal that a meeting be held to discuss the projects referred to and that the U.S. Service departments had not played an important role in the development of the proposal. They have, incidentally, never suggested a railway at meetings of the P.J.B.D. during the post-war period. We also understood at the time that Mr. Batcheller and other private interests in the U.S. Northwest were chiefly responsible for the interest taken by the Department of the Interior.

During his talks with Mr. St. Laurent on February 12, 1949, Mr. Truman referred to the strong support of western U.S. interests for the railway project. He apparently did this as a favour to his old friend, ex-Governor Wallgren of Washington.

Developments during 1949

At the beginning of the year, a series of Bills and Resolutions were introduced in Congress authorizing the President to negotiate an agreement with Canada for a *location survey* and/or *construction* of a Prince George-Fairbanks railway. Generally speaking, there has been a revival of interest in the United States for improved communications across the Canadian Northwest, and a good number of Americans, particularly from the Western and Northwestern States, find the proposal for the railway attractive. The following is a report on a conversation between Mr. Snow

of the State Department and an officer of the Embassy which sheds some light on the United States attitude towards the proposal:

"He (Snow) strongly urged that there should at least be conversations to discuss the matter in principle and possibly to arrange for a survey to be made. He could not agree that such discussions seemed in themselves to constitute a commitment of any sort on the part of the Canadian Government.

He explained that position of the western Senators and Congressmen as being that of men who represented an area which was used to public projects of this nature, where the idea of progress being achieved through the building of railroads amounted to religious enthusiasm. He explained that there was nothing in any way sinister in their urging the construction of a railway: the western part of the United States owed its development largely to railway construction, and westerners, therefore, were inclined to believe that Alaska was capable of similar expansion if suitably encouraged.

Mr. Snow said that the western representatives were inclined to draw attention to the Canadian railways running through Maine as an example of a similar development in reverse. He said that he believed most of the western representatives were favourable to the St. Lawrence project but that they had not yet linked their support of it with the road and railway to Alaska. In conclusion, Mr. Snow begged that the Canadian Government would not allow its judgment in the present matter to be influenced by the rather questionable approaches made by Mr. Batcheller last year. If Mr. Batcheller's scheme was unacceptable, he hoped that its existence would not be confused with the principle of *some* plan to expand communications to Alaska."

One of the Bills introduced in Congress early this year H.R. 2186 (Rep. [Henry] Jackson and Senator [Warren] Magnuson of Washington), was passed on October 17 and signed by the President on October 26. It has now become Public Law 391 and authorizes the President to negotiate an agreement with Canada for a standard-gauge railway.

There is still some doubt as to when Washington will approach us for this agreement. For some time it was felt, since no Appropriation Bill had been passed by Congress to complement Public Law 391, that the United States Government would not be able to make an early approach to us on the matter. You will recall that the Minister, in replying to a question in the House regarding the railway proposal referred to this difficulty but concluded with the following remarks; "if and when...the United States Government approaches the Canadian Government about this survey, the Government will naturally be glad to discuss the matter". A similar statement has been made in the House by the Minister of Transport.

Mr. Snow of the State Department is, however, of the opinion that an approach will be made to us through diplomatic channels as soon as interdepartmental thinking in Washington has developed to the point where there are concrete proposals to put before the Canadian Government. He feels that such proposals will be ready by the end of this year. It is his view that the formulation of an agreement between the two countries need not await the passage of an Appropriation Bill, because, if an agreement for a survey were reached the actual work might be carried out by the

staff of the United States Geological Service or the United States Army Engineers within existing departmental appropriations.

It was with the possibility in mind of an early approach from Washington that we recently suggested to the Deputy Ministers of the interested Government Departments that it might be wise to initiate a study of the railway question by an interdepartmental group so that appropriate material would be available for a decision on the matter. All the departments concerned have agreed in principle to this suggestion and we have, therefore, proposed that a meeting be held on Friday, December 9. It is felt that the meeting could usefully consider the following topics among others:

(A) The feasibility of and the need for such a survey as Washington is likely to propose.

(B) What studies of an economic, financial, military or other nature might usefully be undertaken so that appropriate material might be available for a decision on any proposals that are received from Washington for a survey and for the construction of a railway.

(C) What Canadian agencies, if any, might need to be established in connection with a survey. Section 11 of P.L. 391 provides that the U.S. agencies designated by the President to carry on the survey are authorized and directed "to co-operate directly with like agencies or officials to be designated by the Dominion of Canada for the purpose of co-ordinating and expediting the work of such a location survey".

(D) Whether, from the defence or other points of view, road improvements in the Northwest would be preferable to construction of a railway and, in general, whether the railway proposal should be studied in conjunction with the over-all surface communications picture in the Northwest.

I am attaching for your information a copy of the Senate Foreign Relations Committee report on H.R. 2186† and a copy of Public Law 391.†

989.

DEA/50205-40

*Extrait du procès-verbal de la réunion interministérielle
concernant l'arpentage du terrain proposé relatif à la construction d'un chemin
de fer entre la Colombie-Britannique, le Yukon et l'Alaska*

*Extract from Minutes of Interdepartmental Meeting
on Proposed Location Survey for a British Columbia-Yukon-Alaska Railway*

SECRET

[Ottawa], December 9, 1949

Present:

Department of External Affairs—

H.O. Moran (in the Chair), Assistant Under-Secretary of State for External Affairs

C.C. Eberts, Defence Liaison Division

C. Hardy, American and Far Eastern Division
 J.R. McKinney, (Secretary), Defence Liaison Division
Department of Finance—
 R.B. Bryce, Assistant Deputy Minister
Department of Labour—
 C.A.L. Murchison, Commissioner, Unemployment Insurance Commission
Department of Mines and Resources—
 J.M. Wardle, Director of Special Projects
 R.A. Gibson, Director of Lands and Development Services Branch
Department of National Defence—
 W/C W. Weiser, Directorate of Intelligence (Air) RCAF
Department of National Revenue (Customs and Excise)—
 R.C. Labarge, Administrative Officer
Department of Public Works—
 A.A. Anderson, Assistant Chief Engineer
Department of Reconstruction and Supply—
 I.M. Marshall, Liaison Engineer
Department of Trade and Commerce—
 A.S. Duncan, Economic Research and Development Branch
Department of Transport—
 W.A. Thorton, Railway Auditor

I. Introduction

1. *The Chairman* said that, as a result of the passage by the United States Congress at its last Session of a Bill (H.R. 2186) authorizing the President to negotiate and conclude an agreement with Canada providing for a location survey for a railway from Prince George, B.C. to Fairbanks, Alaska, a meeting had been considered desirable to study the implications of this legislation. He suggested that the meeting might usefully consider generally the problems raised by the railway proposal and give some consideration to the nature and extent of the studies that might have to be undertaken to enable the Government to consider, in due course, the expected United States request for an agreement on a location survey.

II. Defence Aspects of the Railway Proposal

2. *Wing Commander Weiser* stated that there were two schools of thought on the need for a railway for purely defence purposes. From the point of view of the current national requirements of the Canadian Armed Forces, the existing road and air communication systems in the Northwest were ample. There did not, therefore appear to be any logistical requirement for a railway at present. On the other hand, continental defence undertaken in co-operation with the United States might easily comprehend the need for a railroad as an alternative to existing means of communication. He pointed out that, from a defence standpoint, all types of communications—sea, rail, road and air—are looked upon as complementary and no one of

them could be considered as essential or vital, nor could one type be abandoned just because another had been built. The choice between them turned upon such points as susceptibility to sabotage, ease of maintenance, whether the use of one might release manpower and material resources that were occupied in maintaining another, etc., and these questions could not be resolved without more study than has as yet been given to them. Air transport is, at present, the chief military means of communication in the northwestern part of the continent.

3. *Mr. Eberts* pointed out that a similar opinion, referring to the probable long-term strategic value of a railway while discounting the present need for one, had been expressed by the Chiefs of Staff at the beginning of 1948.

4. *The Meeting* also noted that no approach for a railroad had been made to the Canadian Government through the Canada-U.S. Permanent Joint Board on Defence, the organization through which important requirements of the United States Defence authorities are frequently communicated to the Canadian Government. Also, the U.S. Section of the Permanent Joint Board on Defence indicated early in 1948 that the views of the U.S. Joint Chiefs of Staff were substantially the same as those expressed at the time by the Canadian Chiefs of Staff.

III. Economic Development Aspects of the Railway Proposal

5. *Mr. Gibson* said that there was not enough information available at the present time on the economic potentialities of the areas through which the proposed railway would pass to judge whether or not a railway is essential, although it would undoubtedly be useful. A need was indicated for a thorough-going study of this aspect before negotiations with the United States authorities are allowed to progress very far. In his view, one of the main purposes of the United States authorities in proposing a railway was to develop Alaskan status with a view to eventual formation of a 49th state. A railway to Alaska would undoubtedly be a good talking point in making statehood as attractive to Alaska as possible. This, however, from a Canadian point of view would not be a strong argument for a railway.

6. He also suggested that such economic studies as might be undertaken by the Canadian authorities might very well be undertaken concurrently and in co-operation with the United States authorities. He thought that unless an economic study showed that there would be appreciable advantages in a railway from a developmental point of view, the defence considerations would necessarily be the more important ones.

7. *The Meeting* generally agreed that considerable further study of an economic and military nature would have to be undertaken before a final appraisal could be made.

IV. Railway vs Highway

8. *Mr. Murchison* reminded the meeting that it had been established at the inter-departmental meeting a year ago that the Alaska Highway was only being used to 20% capacity and that, therefore, traffic on it could still be greatly increased. In view of this, perhaps it would be better to spend money on development of the highway rather than on a railroad.

9. *Mr. Gibson* said that the real difficulty in connection with the Alaska Highway did not result from the condition of the Highway itself, which, for purposes of Yukon administration, was being adequately maintained. The Alberta Government, however, was extremely loath to improve the connecting roads running north from Edmonton to the highway and was concentrating instead on improving the roads leading south to the International boundary.

10. *Mr. Wardle* suggested that, since the United States proposal is obviously directed to a railway through B.C., perhaps a study of the advantages of a highway in that area should be undertaken. A highway might have all the advantages of a railway without the disadvantage of a large annual deficit. It was, however, generally felt by the meeting that the estimate of an annual \$50 million deficit for a railway was much too high.

11. *Wing Commander Weiser* said that from a military point of view the advantages of a highway would depend on its logistical capacities.

12. *The Meeting* generally agreed that, in strict terms of value received for money expended, a railway would be preferable to an improved or new U.S.-Alaska Highway.

V. Nature of Expected United States Proposals

13. It was felt that the proposals that the United States were likely to make to Canada would probably include the following points:

(a) Initially, a request for a location survey—possibly to be undertaken concurrently with comprehensive joint studies of an economic and strategic nature;

(b) The United States might well be willing to bear the whole cost of the location survey, and also that of construction of a railway, if Canada agreed;

(c) As the United States is chiefly interested in Alaska, a location survey that it carried out alone would not likely take into account Canadian development needs.

VI. Method of Handling Expected United States Request for a Location Survey

14. *The Chairman* then suggested that the meeting attempt to assess, insofar as possible, the advantages of a railway, with a view to arriving at a general formula for dealing with the United States request when it arrives.

15. *Mr. Bryce* pointed out that the basic reason for considering the railway proposal seemed to be that the United States wants a railway and is perhaps prepared to pay for it. He thought that it would take strong arguments to justify turning down such a proposal. The matter at issue, at the present time, was not acceptance or non-acceptance of the United States proposal but rather the need for a comprehensive study so that appropriate material would be on hand for a decision by the Canadian Government. It was vital that Canada be able to influence the route of the survey in the interests of Canadian development. Extensive study would, therefore, be necessary even before the survey could be agreed to. Obviously Canada could not refuse to discuss the survey proposal with the United States authorities, but final discussions should be reserved until more information is available.

16. *Mr. Wardle* said that the survey in 1942 had proven the Rocky Mountain Trench route quite feasible and that it would, therefore, be difficult on engineering grounds to refuse to permit a survey of that route.

17. *Mr. Eberts* thought that the publicity which had recently been given to this matter pointed to the need for quick action on the United States request when received, and that some definite statement on the Canadian position would have to be made within, say, a month after the United States proposal reached the Canadian Government. This would entail prompt preparation of material for Cabinet upon which it could base its decision.

18. *Wing Commander Weiser* suggested that the repercussions which would follow a refusal to permit the location survey, provided the United States defence authorities considered a railway vital, would not seem to be in Canada's best interests.

19. *Mr. Gibson* suggested that the formula for the survey might be patterned after the arrangements for the joint Arctic Weather Stations, where half the personnel is provided by each country and the officers in charge are Canadian.

20. *Mr. Murchison* said that it would be essential at the outset to ensure that the wage rates paid to United States labour on either the survey or on actual construction of a railway would not disturb existing Canadian wage rates in the area.

21. *Mr. Wardle* pointed out in this connection that, while Canada could provide all of the ordinary labour for projects of this kind, the technical and engineering staff would largely have to be brought from the United States due to a shortage of Canadians in these categories.

22. *Mr. Labarge* thought that the studies to be undertaken should estimate the maximum advantage to Canada of a railway over the best possible route, and then estimate the loss to Canada of a railway placed over a less favourable route.

23. *Mr. Bryce* said that Canada would clearly have to bargain with the United States after cost estimates had been made of the alternative routes since the least expensive route would not necessarily be the most advantageous to the Canadian Northwest.

VII. Conclusion

24. *The Chairman* said that it was evident from the views expressed at the meeting that the expected United States request would have to be given a sympathetic hearing. The main emphasis of the meeting had been on the need for a comprehensive study for the whole question. It was generally felt that a decision on even a United States request for a location survey would have to wait until these studies were fairly well advanced. When the United States proposals are received it might be desirable to suggest to the United States authorities that Canadian and United States studies be undertaken concurrently and on a co-operative basis.

25. It was possible, however, at this time to foresee some of the factors that would have to be considered in connection with any agreement permitting the survey to go forward. Some of these would be:

(a) Provision should undoubtedly be made to enable Canada to influence the route of the survey;

(b) Canada was obviously not prevented, if she so desired, from making surveys herself;

(c) Canadian participation at some level in United States-sponsored surveys would probably have to be provided for;

(d) The Province of British Columbia would have to be consulted;

(e) Canadian wage structures could not be disturbed by the importation of highly paid labour from the United States.

VIII. Recommendations

26. It was suggested that it might prove useful to have a further meeting of the committee after Dr. Keenleyside returned from the United States, at which time he would be able to give an account of any discussions he might have had with United States authorities on the railway proposal. On the other hand, Dr. Keenleyside might prefer to circulate a report on his discussions.

27. *The Meeting* recommended, after further discussion:

(a) that immediate further study be given to the following topics:

(i) the advantages and disadvantages from an economic and military point of view to both Canada and the United States of a railroad over different possible routes.

(ii) whether, from a military or economic point of view, a new or improved road from the United States to Alaska would be preferable to a railway.

(iii) a suitable formula for the carrying out of a location survey and/or construction of a railway, including the administrative and corporate arrangements that might be made for managing and financing either of these projects.

(b) that a sub-committee be set up immediately consisting of representatives from the Departments of Transport, Mines and Resources, National Defence, Reconstruction and Supply and Finance to undertake these studies and to prepare a paper for the use of Cabinet in considering the expected United States request for a location survey.

(c) that the Department of Transport be asked to take the lead in setting up the sub-committee and in initiating and co-ordinating the studies.⁶⁹

⁶⁹ Le sous-comité se réunit le 28 décembre 1949.
The sub-committee met on December 28, 1949.

SECTION F
ROUTE TRANS-CANADIENNE
TRANS-CANADA HIGHWAY

990.

DEA/226(s)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major
Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], October 6, 1949

...

VI. TRANS-CANADA HIGHWAY

16. *The Committee* had for consideration a report from the Joint Planning Committee on the strategic implications of the proposed Trans-Canada Highway.

The report recommended that National Defence endorse the proposed construction of the trans-Canada highway and suggested that, to be of the greatest military value, such a highway should follow the most northerly route practical and, in any event, should connect with the Northwest Highway System.

(Memorandum JPC 19-20 of 31st August, 1949, from Secretary, Joint Planning Committee—CSC 9-20 of 3rd October)†

17. *The Secretary to the Cabinet* questioned the advisability of injecting military considerations of this kind into the trans-Canada highway negotiations at this late date.

The general basis of the agreement between the federal and provincial governments was that the former would provide fifty per cent of the cost and the selection of the route would be left to the latter. Any suggestion on the part of the federal government that the route be altered for strategic reasons would re-open immediately the difficult question of financial contribution between the governments concerned. The agreement related specifically to the trans-Canada highway and the federal government had made it clear that connecting roads were solely a provincial responsibility.

18. *The Chief of the Air Staff* said that the most northerly of the alternative routes through Ontario and Quebec would be of most value since it would serve to reduce the cost of supplying any northern bases which might be established in that area. As the final route through Ontario and Quebec had not yet been determined, there might be no objection to indicating that, from the military standpoint, it would be desirable to select the most northerly route.

19. *The Under-Secretary of State for External Affairs* reported that the United States had been pressing for adequate connecting roads between the United States and the Alaska Highway. At the last meeting of the Permanent Joint Board on Defence, at which this subject had been discussed, the U.S. members stated that they were particularly interested in the early completion of the Hart Highway (Vancouver to Dawson Creek) and the improvement of the Athabaska-Dawson Creek section of the road running from Montana to Dawson Creek.

The question of connecting roads, however, seemed to be a matter which would have to be taken up separately with the provinces.

20. *The Chairman, Defence Research Board*, suggested that, if there were objections to the federal government approaching the provinces on the matter of selection of routes, there might be a case for asking the Minister to make informal representations directly to the provincial governments concerned.

21. *The Chief of the Naval Staff* expressed the view that, although the most northerly route would be of the greatest military value, on balance, the strategic considerations did not seem to be of sufficient importance to justify the recommendation of any change in the proposed routes.

22. *The Acting Chief of the General Staff*⁷⁰ supported the views expressed by the Chief of the Naval Staff.

23. *It was agreed*, after further discussion, that although the most northerly of the routes under consideration was, from a military standpoint, the most preferable, the strategic considerations did not seem to be of sufficient importance to warrant a formal recommendation that the proposed route be altered.

5^e PARTIE/PART 5

COMMISSION MIXTE INTERNATIONALE INTERNATIONAL JOINT COMMISSION

991.

DEA/10196-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Prime Minister*

[Ottawa], January 11, 1949

REFERENCE TO THE INTERNATIONAL JOINT COMMISSION

In a letter dated July 30, 1948, the City Clerk brought to the attention of this Department a resolution of the City of Windsor Council requesting the Canadian Government to refer to the International Joint Commission a serious air pollution problem in that area caused by shipping traffic plying the waters of the Detroit River. A similar resolution and request was addressed to the State Department in Washington by the City of Detroit. The original resolution was subsequently enlarged so that the terms of reference to the Commission would authorize it to determine to what extent industries and other factors on both sides of the international boundary were contributing to the air pollution in that vicinity.

2. An Interdepartmental Committee was established to study this matter and the advisability of the government referring it to the International Joint Commission. This Committee was composed of the following:

⁷⁰ Le major-général/Major-General Howard Graham.

Victor Meek, Controller of Dominion Water and Power Bureau, Department of Mines and Resources;

Norman Marr, Dominion Water and Power Bureau, Department of Mines and Resources;

J.R. Menzies, Chief, Public Health Engineering Division, Department National Health and Welfare;

Lt. Col. C.C. Stibbard, Director of Operation, Board of Transport Commissioners for Canada;

Dr. M. Katz, National Research Council;

A.K. Laing, Department of Transport;

D. Stansfield, Department of External Affairs;

E.M. Sutherland, International Joint Commission

K.J. Burbridge, Department of External Affairs.

3. In an exchange of notes, the United States and Canadian Governments agreed upon the terms of reference to be submitted. The Canadian Government also referred these draft terms of reference to the Premier of Ontario and to the City of Windsor. Both the Premier of Ontario and the City of Windsor agreed to the draft terms of reference as agreed upon by the United States and Canadian Governments.

4. The Minister and Deputy Minister of the Department of National Health and Welfare have been kept fully advised of this matter and approve of the problem being referred to the International Joint Commission.

5. In a further exchange of notes it has been agreed between the State Department and the Department of External Affairs, that the two governments transmit this reference to their respective sections of the International Joint Commission on January 12, 1949. It has also been agreed that a Press Release on this subject will be issued by these Departments on the same date. (This Press Release is not to be issued before noon on January 12th.)

6. The reference to the Canadian Section of the International Joint Commission, as approved by the United States Government, the Government of the Province of Ontario and the City of Windsor, is attached† for your signature, if you agree.⁷¹

E[SCOTT] R[EID]

⁷¹ Les ministres de la Défense nationale et des Affaires extérieures étaient absents. Le premier ministre donna son aval à la lettre, tenant compte de l'urgence, mais signala que, dorénavant, les questions soulevant des «international implications» devraient être acheminées au Cabinet. St-Laurent souleva la question au Cabinet le 13 janvier.

The Ministers of National Defence and of External Affairs were absent. The Prime Minister agreed to the letter in view of the urgency but indicated that questions with "international implications" should go to the Cabinet in future. St. Laurent reported on the matter to the Cabinet on January 13.

992.

DEA/2492-E-40

*Note de la direction des Nations Unies
au chef par intérim, direction des États-Unis et de l'Extrême-Orient*

*Memorandum from United Nations Division
to Acting Head, American and Far Eastern Division*

CONFIDENTIAL

[Ottawa], August 2, 1949

CONVERSATION WITH MR. BYRD OF THE U.S. EMBASSY REGARDING POTENTIAL
HYDRO ELECTRIC DEVELOPMENT IN ALASKA

On July 22 Mr. Byrd, First Secretary of the U.S. Embassy, called on Mr. Burbridge to discuss informally instructions received by the Embassy from the State Department in connection with proposed investigations of water resources in the Yukon territory as a possible source of hydro electric power in Alaska. Mr. Norman Marr of the Department of Mines and Resources and Miss Meagher were also present at the discussions.

2. The State Department note to the Embassy enclosed a letter from the Department of the Interior explaining the project in general terms. The gist of the proposal was that hydro electric power to the extent of approximately one million kilowatt hours could probably be developed in Alaska near Skagway if a sufficient volume of water (five thousand second feet) could be diverted from the Lewes River (a tributary of the Yukon on the Canadian side) and carried through two tunnels to Alaska. The letter made several vague references to the mutual profit to both countries to be derived from such a project and to the strategic value of hydro electric power in this area during time of war. It did not specify either the primary use to which the power would be put nor the particular advantages to Canada.

3. The Department of the Interior made two requests (1) that a reference be sent to the International Joint Commission under Article 9 of the Treaty for their views on the desirability of undertaking a joint U.S.-Canadian investigation of the areas concerned and (2) that, pending the reference to and ruling from the International Joint Commission, temporary permission be granted by the Canadian Government immediately for a group of engineers and technicians from the Bureau of Reclamation to undertake a preliminary exploratory study of the Lewes River area. In explaining the urgency of the second request, the letter pointed out that investigation in this part of the country is only possible from May to October and if a beginning were not made immediately, nothing could be done until next year.

4. Mr. Marr explained that the Aluminium Company of America had asked permission of the Canadian authorities for similar facilities some time ago, which was granted. A team is already on the spot carrying out investigations to determine the feasibility of undertaking an almost identical project. Most of the personnel engaged in these investigations are Canadian and the permission is for exploration and study only and does not commit the Canadian Government in any way. The Aluminium Company's plan is to build an aluminium plant near Skagway if the necessary hydro electric power can be secured.

5. Mr. Byrd professed to have no knowledge of the Aluminium Company's plans and it was impossible to form any opinion as to the tie in, if any, between the U.S. Government project and the Aluminium Company's proposed plant.

6. The preliminary and informal views of the Departments of External Affairs and Mines and Resources, as expressed by Mr. Burbridge and Mr. Marr, were:—

(a) that we were not convinced that reference to the International Joint Commission was necessary or desirable;

(b) that we would like to consider the alternative procedure of discussing the matter directly between the two Governments;

(c) that the Canadian Government would probably frown upon the suggestion that a party of U.S. Government engineers should carry out investigations on Canadian soil; and

(d) that the entire question would have to be carefully considered and that immediate action could not be expected.

7. It was then agreed that the U.S. Embassy should make a formal approach to the Canadian Government when Mr. Byrd would deliver the note personally to Mr. Burbridge and that he would then report to the State Department the preliminary impressions he received as outlined in the preceding paragraph. Mr. Byrd thought it quite likely that the discouraging nature of the preliminary Canadian reaction would result in the U.S. Government dropping the matter.

8. In addition to the Department of Mines and Resources, the Department of Public Works must also be consulted as the Navigable Waters Protection Act is administered by that Department. The Lewes River is used to a considerable extent for navigation purposes and the Department of Public Works would therefore be concerned with any project which would affect navigation in that river.

B.M. MEAGHER

993.

DEA/8010-40

Le premier ministre de l'Ontario au premier ministre

Premier of Ontario to Prime Minister

Toronto, October 13, 1949

Dear Mr. Prime Minister:

We have been concerned for some time past with the pollution of Lake Ontario with oil and industrial waste of that nature. The sources of pollution are, in main, uncertain. They may arise from industries located on the Ontario shores, or from shipping, or from industries on the American side. This type of pollution is very injurious to fish and wild life and is a nuisance of major proportions to residents along the lake shore, and those using the beaches and waters. While the trouble has been largely confined to Lake Ontario what I have to suggest applies to Lake Erie, Lake Huron and Lake Superior.

The problem is complicated by very definitely divided jurisdiction and authority, the Dominion having control and regulation of shipping, the Province the industries on the Ontario side and matters relating to health, and then, the international aspect, which would involve a division of authority on the American side.

I may say that for some months past the Province has been conducting an intensive investigation of conditions along the Ontario shore, and steps have been taken to remedy situations which may cause this type of pollution in this area. The problem, however, is one which requires joint and unified action, the direction of which, I think, must be with the Department of Transport, which could also obtain international action. I suggest a joint study of the matter by the Dominion Government and the Ontario Government, the latter represented by the Departments of the Attorney-General and Health, with resulting action. The Province will extend its fullest co-operation in this matter and make available in whatever way would assist, our services, including officials of any of the Departments and the Provincial Police. We are prepared to extend the fullest co-operation and to integrate our services with whatever unified direction may be decided upon. The Department of Transport would appear to be the Department of the Dominion Government which would be principally concerned.

If studies were commenced at once, action could be agreed upon which would prevent a repetition next year of the nuisances which we have had this year and which were serious indeed.

This matter involves a case of very clearly divided authority. I should like to assure you that we shall not let this stand in the way of effecting the best and most efficient safeguards possible, and we are prepared to co-operate in every way.

Yours very truly,

LESLIE M. FROST

994.

DEA/8010-40

*Le ministre des Transports
au secrétaire d'État aux Affaires extérieures*

*Minister of Transport
to Secretary of State for External Affairs*

Ottawa, October 19, 1949

My dear Colleague:

On August 8, 1945, the Secretary of State of Canada wrote to the Under-Secretary of State for External Affairs asking that, in accordance with the suggestions in a letter from the Minister of National Health and Welfare, a submission be made to the Canadian Section of the International Joint Commission with a view to "undertaking a comprehensive study of the sanitary condition" of the waters of the St. Clair and Detroit rivers and the Great Lakes and connecting streams; "the nature and extent of harmful pollution being discharged into them, and the type and cost of remedial works".

An Interdepartmental Committee was set up to study the matter and met on September 5th to consider whether the reference should be limited to the St. Clair and Detroit rivers, concerning which the question originally arose, or extended to include the Great Lakes system and the International Section of the St. Lawrence river. It was decided to recommend the latter alternative to Council and a memorandum was prepared. Before this memorandum was presented to the Cabinet the United States Embassy left with your department a draft reference on the subject which narrowed the scope of the investigation to the waters of the St. Clair and Detroit rivers, and Lake St. Clair.

On September 27th the Interdepartmental Committee met to consider both drafts, and it was agreed that it would be more expedient to use the American draft as a basis for discussion and to ascertain the views of the State Department and the International Joint Commission, keeping in mind that the proposed approach had the advantage that investigations could get under way quickly and that the terms of reference could be broadened at a later date if desired.

In letter of October 2nd, 1946, from the Secretary of State for External Affairs to the International Joint Commission, the terms of reference included the waters of the St. Clair river, Lake St. Clair, the Detroit River, the waters of the St. Mary River from Lake Superior to Lake Huron, and covered pollution by sewage and industrial waste. By a further letter of April 2, 1948, the terms of reference were broadened to include the Niagara River from Lake Erie to Lake Ontario.

As you are aware, there have been a number of instances during the past summer wherein Great Lakes waters have been polluted by the discharge of oil therein, by accident or otherwise, and public resentment has been very marked. That resentment has in a sense culminated in Private Bill No. 6, which was tabled in the House of Commons.

There would appear to me to be no purpose in the limiting of the terms of reference to the International Joint Commission to only part or parts of the boundary waters of the Great Lakes system or to the consideration of pollution resulting from the discharge of sewage and industrial waste, and it would seem desirable that the terms of reference under which the International Joint Commission is now dealing with the matter of pollution, should be further broadened.

I suggest for your consideration that such terms be extended so as to include the Great Lakes system and the International Section of the St. Lawrence river, as was recommended by the Interdepartmental Committee at their meeting of September 5, 1945, and further that the terms be enlarged to include pollution by ships through discharge of sewage, bilge water or oil.

Yours faithfully,

LIONEL CHEVRIER

995.

DEA/8010-40

Le premier ministre au premier ministre de l'Ontario
Prime Minister to Premier of Ontario

Ottawa, October 31, 1949

My dear Premier:

I discussed your letter of October 13 regarding the pollution of Lakes Ontario, Erie, Huron and Superior with the Minister of Transport immediately on its receipt, and the matter has today been considered by the government as a whole.

It is apparent, as you say, that the problem is complicated by divided jurisdiction, the province having jurisdiction over the industries in Ontario which discharge effluent into these waters and the federal government having control of shipping. There is also the international aspect of the matter covered by Article 4 of the Boundary Waters Treaty of 1909 which provides that boundary waters shall not be polluted on either side of the boundary to the injury of health or property on the other.

It is noted from your letter that the Ontario government has been conducting an extensive investigation of conditions along the Ontario shore and that steps have been taken to remedy situations which may cause this type of pollution. The federal government has given particular consideration to the view expressed in your letter that the problem is one "which requires joint and unified action" and to your suggestion that the direction of such action should be with the federal Department of Transport which could also obtain international action.

It seems to us that in a matter which is primarily one concerning health and welfare the responsibility for measures of control which may be required to prevent pollution originating on the Canadian side would be primarily provincial, and that the main responsibility of the federal government should be to discover whether and to what extent the pollution originates in the United States and therefore calls for international action. The appropriate way to take such action would seem to be to ask the International Joint Commission to enquire into and to report to the governments of Canada and the United States upon the nature and extent of harmful pollution of the boundary waters of the Great Lakes System and the International Section of the St. Lawrence River, the measures required to remedy the situation, the nature, location and extent of such remedial works, the probable cost thereof, and by whom and in what proportions the cost should be borne.

On April 1, 1946, a joint reference was made to the International Joint Commission by the United States and Canadian governments concerning the pollution of the international boundary waters of the St. Clair River, Lake St. Clair, and the Detroit River. This reference was later extended to include the waters of the St. Mary's River from Lake Superior to Lake Huron and the waters of the Niagara River from Lake Erie to Lake Ontario. In this reference both governments required the Commission to ascertain whether these waters were being polluted and if so the causes and sources of pollution. The Commission was also requested to determine

"what measures for remedying the situation would, in its judgment, be most practical from an economic, sanitary and other points of view". If the construction of preventive or remedial works was necessary, the Commission was asked to indicate the nature and probable cost of such works. It is understood that the present reference includes investigation into pollution by ships through discharge of oil, sewage and bilge water.

I understand that the International Engineering Boards have completed their investigations and that the Commission has held public hearings in connection with the pollution of the waters of the Detroit River, Lake St. Clair, St. Clair River and also the St. Mary's River. I am informed that engineering investigations are now under way and that hearings are to be conducted shortly by the International Joint Commission in connection with the pollution of the Niagara River.

Before, however, making a request to the United States government for enlarging the present terms of reference to the International Joint Commission, we feel that, as you suggest, the technical officers of the federal government and the Ontario government might examine the problem further. As I have already indicated, this seems to be primarily a matter of health and welfare and I would suggest that you ask the appropriate technical officers of the Ontario government to communicate with the Deputy Minister of National Health at Ottawa who is prepared to arrange for appropriate consultation without delay.

Yours sincerely,

LOUIS S. ST. LAURENT

996.

DEA/8010-40

*Le sous-secrétaire d'État aux Affaires extérieures
au ministre des Transports*

*Under-Secretary of State for External Affairs
to Minister of Transport*

Ottawa, November 4, 1949

Dear Mr. Chevrier,

In my Minister's absence at the United Nations, I am replying on his behalf to your letter of October 19. In your letter you suggest, for my Minister's consideration, that the present reference to the International Joint Commission concerning the pollution of boundary waters in specific locations in the Great Lakes be extended so as to include the whole of the Great Lakes system and the international section of the St. Lawrence River, as was recommended by the Inter-departmental Committee on September 5, 1945, and further that the terms of reference be enlarged to include pollution by ships through discharge of sewage, bilge water or oil.

As you are aware, on October 13, the Premier of Ontario wrote to the Prime Minister concerning the pollution of Lake Ontario and in his letter he stated that "the problem, however, is one which requires joint and unified action...". In his

reply of October 31, the Prime Minister stated that "before, however, making a request to the United States government for enlarging the present terms of reference to the International Joint Commission, we feel that, as you suggest, the technical officers of the federal government and the Ontario government might examine the problem further. As I have already indicated, this seems to be primarily a matter of health and welfare and I would suggest that you ask the appropriate technical officers of the Ontario government to communicate with the Deputy Minister of National Health at Ottawa who is prepared to arrange for appropriate consultation without delay".

In view of the foregoing, it might be considered wise to await the outcome of the proposed investigation by the technical officers of the federal government and of the Ontario government rather than take steps at the present time to extend the reference. In the meantime, I shall refer the matter to the appropriate officers of this Department with instructions that they study the question of extending the reference so that, in the event that the investigation of the federal and Ontario governments referred to above, discloses that the matter is definitely one which should go before the International Joint Commission, we shall be able to proceed without delay.

Yours sincerely,
A.D.P. HEENEY

997.

DEA/2492-E-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 6, 1949

PROPOSED DIVERSION OF WATER FROM THE YUKON RIVER BASIN FOR THE
DEVELOPMENT OF HYDRO ELECTRIC POWER ON THE CANADA-ALASKA BOUNDARY

You may wish to make a progress report to Cabinet on this subject. A Note dated July 25, 1949,† was received by the Department from the United States Embassy, enquiring whether the Canadian Government would consider referring the above question to the International Joint Commission. This reference would have been made under Article IX of the Treaty of January 11, 1909, and would have provided for the study of the feasibility of such a project. The project would be carried out by the United States Department of the Interior.

2. An informal meeting of officials of interested United States and Canadian Government Departments to discuss this proposal was held in Ottawa on November 21 and 22. In this meeting it was pointed out that the public hearings that would have to be held by the International Joint Commission would be embarrassing to the Government of British Columbia. That Government is engaged in discussions with the Aluminium Company of Canada, looking towards the development of a somewhat similar power and aluminium project based on the Nechako River. It

was then decided that the United States officials would recommend to their Government that a proposal for a joint investigation of the feasibility and economic implications of this project by officials of Canadian and United States Government Departments be substituted for the previous proposal of a reference to the International Joint Commission.

3. A proposal from the United States Government along these lines is now anticipated. When it is received, a full report will be submitted to Cabinet recommending Canadian participation in a cooperative investigation of the Yukon River project. It might be desirable at that time for the Cabinet Committee on Economic Policy to examine the proposal, with the Minister of Mines and Resources sitting in for that occasion.

E[SCOTT] R[EID]
for A.D.P. H[eeney]

6^e PARTIE/PART 6

PUBLICITÉ AUX ÉTATS-UNIS SUR LE CANADA
PUBLICITY IN UNITED STATES ABOUT CANADA

998.

DEA/10423-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], February 21, 1949

The Film Liaison Officer of the Department of Trade and Commerce recently called on the United States Ambassador to Canada in connection with the Canadian Co-operation Project. During the interview Mr. Steinhardt is said to have displayed a keen interest in the success of the project. I attach a copy of the Film Officer's report of their meeting.†

In view of Mr. Steinhardt's intention to review the question with Mr. Howe, you might consider it opportune to take part in any discussion they may have so as to inject some new life into the C.C.P. As you know, the Department has a very real interest in this project, since any substantial development brought to it would make American films an important vehicle of Canadian information abroad. Security and economic aspects of the project, among others, are also of interest to the Department.

I attach for your information a copy of the recent annual report on the progress of the film project. On the surface, the progress is encouraging. At the same time, I think it is still true that although results have been achieved they fall considerably short of balancing the dollar withdrawals which, in 1948, amounted to about ten million dollars.

Continued efforts are therefore necessary to ensure that the United States film industry carries out its part of the understanding. If the matter comes up in discussions with Mr. Howe, you might think it worthwhile to suggest that this Department is prepared to co-operate closely with Trade and Commerce in the practical aspects of this project which is so directly related to the purpose of Canadian information abroad.⁷²

E[SCOTT] R[EID]

999.

DEA/10423-40

Rapport par l'officier de liaison en cinéma, ministère du Commerce et de l'Industrie

Report by Film Liaison Officer, Department of Trade and Commerce

[Ottawa, 1950]

CANADIAN CO-OPERATION PROJECT

Annual report for calendar year 1949 from Archibald H. Newman, Film Liaison Officer, Department of Trade and Commerce, Ottawa

Activities of the Canadian Co-operation Project in its second year greatly surpassed those of the first year in every aspect: newsreel clips, theatrical shorts, theatrical features, and ancillary publicity for Canada in the United States.

During the calendar year 1949, U.S. movie theatre audiences totalling approximately 1,180,000,000 were shown a total of 156 items concerning Canada. This conservatively estimated total is about 437,000,000 greater than the corresponding total for 1948, an increase of about 58 per cent.

The 1,180,000,000 total of U.S. audience impressions for last year compares with approximately 743,000,000 in 1948. The 1949 total comprises 800,000,000 for newsclips about Canada, 263,000,000 for shorts about this country, and 117,000,000 for U.S. features containing Canadian scenery, characters or other references.

In addition to U.S. screening, the items for which the Project has been largely responsible have received wide distribution elsewhere. The world total of audience impressions for C.C.P. subjects last year was approximately 1,400,000,000.

One yardstick to measure the success of the Project is provided in the following table showing the number of items about Canada released in U.S. theatres before and after the Project began:

	1947 (Before C.C.P.)	1948 (1st C.C.P. Year)	1949
Newsclips	61	111	125
Shorts	2	12	18
Features	1	8	13

⁷² Note marginale:/Marginal note:
Yes LB P[earson]

Newsclips: In the first two years of Project activities, the five newsreel companies carried in their U.S. releases a total of 236 sequences about Canada. This is at a rate double that of the year before the Project began.

Short subjects: To the end of 1949 the Project was responsible for releasing 30 theatrical shorts about Canada in U.S. theatres. Of the 18 released last year, 15 dealt with Canada exclusively and the remaining three carried sequences highlighting Canadian themes. Six dealt with sports, six with tourism, two with economics and industry, two with social themes, and one each with military and scientific subjects. Canadian producers made six of the C.C.P. shorts so far used in the United States.

Features: Of the 13 full-length theatrical features listed as Project items in 1949, seven employed Canadian backgrounds and the remaining six provided oblique publicity for Canada. Major portions of two of the features were photographed in Canada giving this country a direct and known gain of several hundred thousand dollars in U.S. funds.

16 mm. Productions: Late in 1949, the Film Liaison Officer extended the Project into the 16 mm. field in the United States. The officer arranged with Coronet Films and Encyclopaedia Films, two of the largest producers, that Canadian subjects would be worked into U.S. educational films and that Canadian producers would be employed and their films purchased whenever possible. This is in addition to the 16 mm. exploitation of C.C.P. shorts and features normally undertaken by the U.S. industry. Because of these activities, Canadian film items will be seen by many millions of 16 mm. fans throughout the world.

Canadian Production: In addition to work with the Canadian Co-operation Project, the Film Liaison Officer has encouraged and assisted the privately owned film industry in Canada. In 1949, Quebec Productions, Montreal, turned out two features and began work on another. Renaissance Films, also of Montreal, produced one feature, and Selkirk Productions began work on one. The two Quebec Productions features are being distributed in the United States. The commercial 16 mm. producers also were encouraged to go after U.S. sales and at least 20 shorts were marketed. Among the major sales was "The Loon's Necklace", a prizewinning Crawley short.

Late in 1949, the Film Liaison Officer began a campaign to induce Canadian affiliates of U.S. companies to arrange for the employment of Canadian producers in making their advertising films and filmstrips for use in the United States and Canada.

Ancillary Publicity: In addition to dramatizing Canada in U.S. theatrical films, the Project has promoted Canada in other ways. For example, it has helped Canadian government officials in the United States to arrange screenings of shorts about Canada. It has promoted Canadian scripts and books as prospective film subjects. It has assisted in entertaining and publicizing important Canadians visiting the United States. It has helped in obtaining Hollywood stars for three series of 13 radio broadcast about Canada used by an average of about 400 U.S. radio stations. It has distributed Canadian booklets, pamphlets and travel material in the United States.

The Canadian Co-operation Project was begun early in 1948, shortly after Canada imposed import controls, and is an undertaking of the U.S. theatrical film industry sponsored by the Motion Picture Association of America. It is the unique endeavor of an industry in one country to maintain its exports to another country by providing a quid pro quo. The project's aim is to help Canada obtain U.S. dollars so that the U.S. industry may continue to withdraw its earnings on motion pictures shown in Canada.

Although the Project is directly responsible for substantial expenditures in Canada by U.S. film producers, its real value to Canada is in the publicity it provides. In its publicity efforts, the Project promotes U.S. tourist travel in Canada, encourages U.S. capital investment in this country, and attempts to stimulate two-way trade. Partly as a result of the Project, the Canadian Government Travel Bureau handled 321,751 written requests for travel information last year, an increase of nearly 17 per cent over last year and an all-time record.

An organized staff, working on the Project in Hollywood and New York, as well as in Canada, enlists the support of the U.S. producers, distributors and exhibitors. This staff works closely with the Film Liaison Officer, Department of Trade and Commerce, and through this officer obtains active assistance from the National Film Board, the Canadian Government Travel Bureau, and almost every other department and agency of the government. It also receives invaluable help from the provincial tourist bureaux and from Canadian film producers and other segments of private industry.

CHAPITRE XII/CHAPTER XII
EUROPE, UNION SOVIÉTIQUE ET MOYEN-ORIENT
EUROPE, THE SOVIET UNION AND THE MIDDLE EAST

PREMIÈRE PARTIE/PART I

BELGIQUE
BELGIUM

1000.

DEA/6831-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Under-Secretary of State for External Affairs
to Prime Minister*

CONFIDENTIAL

[Ottawa], September 28, 1949

VISIT OF THE FOREIGN MINISTER OF BELGIUM

Dr. Paul Van Zeeland became Minister of Foreign Affairs and Foreign Trade of Belgium when The Parti Social Chrétien (P.S.C.) and the Liberal Party finally succeeded in forming a government under M. Eyskens, after a governmental interregnum of nearly six weeks, following the elections in June of this year. The government represents an uneasy combination of these two right-centre parties, and our Embassy in Brussels predicts that it is not likely to be very long-lasting. The Socialists under M. Spaak, have gone into opposition.

Dr. Van Zeeland, who is a member of the P.S.C., is 56 years of age and has held many posts in pre-war Belgian cabinets. He was Prime Minister and Foreign Minister in 1935, and Prime Minister in 1936, when M. Spaak became Foreign Minister for the first time. A doctor of political science, former professor at Louvain, vice-governor of the Banque Nationale de Belgique and deputy director of the Bank for International Settlements, he is particularly interested in, and qualified to deal with, questions of international trade, and before the war he attended most of the important international conferences dealing with this subject, including the Conference of Stresa in 1932. He is the author of a number of books, including: "La Réforme bancaire aux États-Unis de 1913-21"; "Regards sur le plan quinquennal, 1931"; "Report to the Governments of England and France on the possibility of obtaining a general reduction of obstacles to international trade", 1938.

While Dr. Van Zeeland will probably wish to confine the conversation to a general discussion of the international situation, you may wish to consider the following points in talks with him:

1. *Benelux Customs Union.*

For a number of reasons the progress towards complete economic union has been slowed down recently, and pre-union, which was to start on July 1, has been

delayed, Mr. Dupuy has reported that the Netherlands Foreign Minister was of the opinion that the presence of Dr. Van Zeeland in the Belgian Foreign Ministry might make the problem that much more difficult. He considered that Benelux was a political problem, as did M. Spaak. The latter always encountered serious opposition from the Banque de Bruxelles, with which Van Zeeland has had close relations. He thought it possible Van Zeeland might share their view that Benelux was a technical problem, and proceed with caution on that basis.

It might be useful to ask Dr. Van Zeeland for his estimate of the chances of success of the Benelux Economic Union, and in particular his views on the manner of approach required.

2. European Political and Economic Co-operation.

Dr. Van Zeeland has played a prominent role in the right-wing of the European unity movement, and his past record indicates that he is a good "European". It would be useful to have his impressions of the Council of Europe at Strasbourg, and in particular his views as to whether it is moving too fast in directions not too clearly thought out; whether a European spirit does seem to be emerging; and whether the superficial progress achieved may not blind us to the essential fact that Europe as a unity still does not exist, politically or economically.

In view of the leading part taken by Belgium in the evolution of the Council of Europe, and of Western Union, Dr. Van Zeeland might be asked how he envisages the integration of the non-military aspects of the latter with the larger European organization. I do not believe any of the economic, financial or social and cultural committees of Western Union have met for some time, while the Council of Europe has indicated its intention of entering these fields. Is there, in Dr. Van Zeeland's view any danger of the Council of Europe duplicating cultural and economic organizations already put in hand by the United Nations or its specialized agencies?

While Dr. Van Zeeland has not participated actively in the negotiations leading up to O.E.E.C., or in its administration, his views on recent developments should be particularly valuable because of his reputation as an economist, and of course in view of the key role Belgium has in European recovery.

3. Belgium and Germany.

It would be very valuable to have Dr. Van Zeeland's views on recent developments in Western Germany, and in particular on the manifestations of the rebirth of nationalism shown in the recent elections; and on the probability of increasing German competition in manufacturing and industry. You might also wish to ask for his views on the International Ruhr Authority, and whether he would be opposed under any circumstances to Soviet participation. Finally, he might be asked for his opinion on Germany's joining the Council of Europe, and German participation in other international conferences.

4. Negotiations for Reciprocal Modifications in Visa Requirements.

Canada has proposed an agreement of this nature with Belgium and negotiations are now proceeding. We have suggested that we would issue visas free to Belgian citizens for visits of up to twelve months in duration, these visas to be issued only in Brussels. In return we would wish the Belgians to permit Canadian visitors to

enter Belgium without a visa for a period of up to two months. The reason for the delay in negotiating the agreement is the Belgian insistence that Canadian visas should be issued anywhere, not only in Brussels.

It is not considered worth-while raising this question with Dr. Van Zeeland, but this note is included in case he should take up the matter with you. The reason for our desire to have Canadian visas issued only in Brussels is to permit at least a minimum of security check to be made on the applicants.¹

A. H[EENEY]

2^e PARTIE/PART 2

BULGARIE
BULGARIA

1001.

DEA/50164-A-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Czechoslovakia
to Secretary of State for External Affairs*

DESPATCH 46

Prague, March 14, 1949

SECRET

Sir,

The attached report on freedom of religion in Bulgaria† was written at the conclusion of a visit which I made to Sofia from March 9th–12th. It is based on talks which I had with foreign diplomats in Sofia and with Bulgarian officials.

2. The United Kingdom Minister, Mr. Paul Mason, and members of the Legation staff went to a great deal of trouble to make information available and to enable me to meet diplomatic representatives of other countries. I had discussions with the chiefs of mission and other members of the staffs of the missions of the United Kingdom, United States, France, Italy, and Turkey, and all of these were helpful and informative.

3. As regards my interviews with Bulgarian officials I am afraid that only a rather long and detailed account can convey a picture of the most remarkable performance that I have ever witnessed in a Foreign Ministry. It was my view, and the United Kingdom Minister agreed, that I should not hide the reason for my visit from the Bulgarian authorities—in applying for a visa I had neither given nor been asked for a reason—and should ask them whether anyone would care to discuss the question

¹ Ce rapport aux missions, à la suite de la visite de Van Zeeland, consistait en des coupures de journaux et des copies d'une lettre de Van Zeeland au premier ministre du Canada.

The report to missions on Van Zeeland's visit consisted of press clippings and copies of a letter from Van Zeeland to the Canadian Prime Minister.

of religious freedom with me and explain the policy of the government. I wanted to avoid the charge that I had sneaked into Sofia and picked up my information only from foreigners whose minds were already poisoned. The British Legation therefore tried to make an appointment for me at the earliest possible time with the Chief of Protocol. An appointment was arranged for the afternoon of March 10 but when I reached the Foreign Ministry I was told that the official in question had been called away by something very urgent. This was no great surprise for I had thought it more than possible that the Bulgarians would prefer to ignore me altogether and this might simply be a characteristic Bulgarian way of doing so. However, to give the Bulgarians every opportunity to state their case, I returned to the charge and got to see the Chief of Protocol at 12.30 the next day. I had to tell him that I would be leaving Sofia the following day, and rather to my surprise he made no difficulties and promised to see what he could do. During the afternoon I received a message that M. Ganovsky, one of the two Deputy Foreign Ministers, would receive me at 6.20, and he did.

4. After a very brief and trite exposition of the glories of religious freedom in Bulgaria M. Ganovsky cut short my questions (saying that he would return to them later) in order to parade before me representatives of the principal religious denominations in Bulgaria. I doubt whether there is a cult, creed or congregation in Bulgaria numbering more than a thousand members which was not represented. An ante-room was packed with religious leaders in every variety of clerical and unclerical costume, and these unfortunate people were brought in in ones and twos to testify, under the far from benevolent gaze of M. Ganovsky, to the perfect freedom which their churches enjoyed. After the first hour I began to wonder if the procession would ever end. The roster was as follows:

- (a) Orthodox Church—a member of the Holy Synod and the dean of the Orthodox Theological faculty at the university.
- (b) Union of Priests (a trade union of all Orthodox priests which does not include the higher clergy and which is government-dominated)—one of its leaders.
- (c) Armenian Church (with headquarters in Soviet Armenia)—its senior bishop and a colleague.
- (d) Catholic Church—two senior members of a religious order.
- (e) Evangelical Churches—a Congregationalist pastor.
- (f) Jews—the Chief Rabbi.
- (g) Moslems—the Chief Mufti.

5. When it is realized that these dignitaries were rounded up and the performance staged on five and a half hours' notice one must pay tribute to the organizing ability of the Bulgarian authorities. The unanimity with which the religious leaders expressed their love for the government, and their gratitude for a freedom of religion that had never before existed in Bulgaria, was offered to me as unchallengeable proof of the government's case. Actually what impressed me most was the cruelty of the proceedings. Under the baleful glare of M. Ganovsky, and given the methods of a totalitarian state, these clergymen had no alternative but to parrot the official government line. Most of them gave the impression of being frightened and sub-

dued, for which they cannot be blamed. I was urged to ask any and every question that occurred to me, and in addition to the obvious answers I was treated in several cases to voluntary statements that had clearly been prepared beforehand. It was a depressing experience.

6. The only slightly sour note in this symphony of unanimity was provided by the Catholic representatives. They alone were not prepared to say that they approved of everything that had been done, and with regard to the future they hoped for the best but would have to wait and see how government policy was administered. This refusal to give whole-hearted approval led to a fairly long and brisk conversation between the Catholics, M. Ganovsky, and the Chief of Protocol who was acting as interpreter. None of this conversation was translated for me and I can only assume that it was judged unsuitable for my ears. Foreign observers believe that the Catholic church is undecided whether to toe the government line for the time being or to announce its disapproval of certain government policies. If it follows the latter course it will be next on the list for persecution. The incident just mentioned provides some ground for believing that the Catholic Church is prepared to run this risk.

7. When the last of the clergy had been ushered out M. Ganovsky said that he had an urgent appointment with the Foreign Minister and would have to terminate the interview. As it had lasted for an hour and three quarters and the time was well past 8 p.m. I could hardly object even though certain questions which I had put remained unanswered. M. Ganovsky's concluding gambit was to ask my reaction to the drama that had been staged for me and I could only reply that I was impressed by the truly remarkable unanimity of the speakers. I do not think I was misunderstood.

I have, etc.

R.M. MACDONNELL

3^e PARTIE/PART 3

FINLANDE
FINLAND

1002.

DEA/50127-40

*Note du sous-secrétaire d'État per intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 11, 1949

Mr. H.S. Wingate, Secretary of the International Nickel Company, and Dr. J.O. Söderhjelm, the Company's Counsel in Finland, saw me on March 3rd in connection with the recovery by the International Nickel Company of its remaining assets in Finland.

2. There were two claims which the International Nickel Company wished to submit to the Finnish Government for settlement by direct negotiation.

(a) The International Nickel Company's claim to compensation, out of the remaining assets (123 million Finn marks) of its subsidiary, Petsamon Nikkeli, in Finland, for the debt owed it (319 million Fmks.) by the latter Company. (International Nickel maintain that its claim should have precedence over the claim of the Finnish Government to compensation from Petsamon Nikkeli assets for the latter Company's debt to I.G. Farben incurred during the war (138 million Fmks.—about \$1 million) which the Finnish Government had paid to the Soviet Government as the inheritor of all German assets in Finland by the Peace Treaty.)

(b) International Nickel's claim to refund of excess profits taxes (48 million Fmks.) paid by Petsamon Nikkeli for the year 1944; and possible repayment of all taxes (excess profits and income tax) (79 million Fmks.).

3. Mr. Wingate asked if the Canadian Government would agree to instruct its Minister-designate to Finland to express to the Finnish Government his government's interest in a satisfactory settlement. Mr. Wingate stated that Dr. Söderhjelm would first raise the whole matter, and that the Canadian Minister (if he could be present at the first meeting) might then indicate the Canadian Government's interest, without, of course, giving any cause for the Finnish Government to assume that diplomatic pressure was being brought to bear, or that the Canadian Government was recommending any particular settlement.

4. If you agree² that this request may be met, I think that Mr. Stone, if he will be accredited to Finland,³ might find a suitable opportunity to tell the Finnish Government that, so far as he is aware, this is the only interest affecting Canadian nationals and that the Canadian Government hopes that it will be possible for the Finnish Government and the International Nickel Company to clear the matter up. The Minister, of course, would not take part in the negotiations themselves. I do not think it is advisable for him to be present at any meeting of representatives of the Finnish Government and Dr. Söderhjelm.

5. I attach the minutes of the meeting of March 3rd.†

E[SCOTT] R[EID]

² Note marginale:/Marginal note:

I agree LB P[carson]

³ Stone, le ministre en Suède, fut nommé ministre en Finlande le 16 mars 1949.

Stone, the Minister in Sweden, was appointed Minister to Finland on March 16, 1949.

1003.

DEA/50127-40

*Le ministre en Suède
au secrétaire d'État aux Affaires extérieures*

*Minister in Sweden
to Secretary of State for External Affairs*

DESPATCH Finland 17

Stockholm, December 12, 1949

SECRET

Sir,

You will recall the visit to Ottawa last March of Dr. J.O. Söderhjelm, Counsel in Finland for the International Nickel Company of Canada, at which time he discussed with officials of the Department certain still unsettled questions between the Company and the Government of Finland. As a result of these discussions I was instructed not to take these matters up in detail with the Finnish authorities but simply to express the hope of the Canadian Government that satisfactory solutions would be found in the not distant future.

During my first visit to Finland in September I was fortunate enough to have informal conversations with both the Prime Minister and the Foreign Minister in the course of which in each case an opening occurred which made it possible for me to mention this matter without in any way indicating that my Government wished to press the Finnish Government in it. This seems to have done some good. During my recent visit (last week) Dr. Söderhjelm informed me that there had been somewhat more activity and rather more evidence of a disposition on the part of the Finnish authorities to reach a settlement. A meeting was to have taken place on Friday last, which however had to be postponed until this week, and Dr. Söderhjelm therefore asked me if I would have another word with the Foreign Office. This I did with the Secretary General and Mr. Voionmaa assured me that he would look into the matter. I think it may reasonably be assumed that faster progress toward a solution will now be made.

Dr. Söderhjelm informed me that the International Nickel Company was not pressing hard for a settlement. In fact the thorniest problem, that of transfers, is yet to be faced. Settlement, when it is made, will be, of course, in Finnmarks and on the authority of the Ministry of Finance. Whether or not these marks will be wholly or partly convertible is a question which only the Bank of Finland can answer and one which Dr. Söderhjelm does not propose to discuss with the Bank until after a settlement has been agreed upon.

I have, etc.

THOMAS A. STONE

4^e PARTIE/PART 4

FRANCE

1004.

DEA/6956-40

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

CONFIDENTIAL

[Ottawa], September 29, 1949

VISIT OF MR. SCHUMAN

The French Charge d'Affaires believes Mr. Schuman does not intend to raise any specific points during his talk with you, but would like simply to discuss the international situation in general terms. The following notes may be of use, however, as a basis for discussion:

1. *Visa-free entry for Canadian Visitors to France*

An Order-in-Council of October 5, 1948, unilaterally abolished Canadian visas for those French citizens who were born in France. However, from the point of view of our security and the visitors' personal convenience, it is still desirable for French citizens to obtain Canadian visas before travelling to Canada.

On September 6, Mr. Schuman said on the radio that he hoped Canadians would very soon be able to visit France without visas. The French Government may have delayed because they wish complete reciprocity in abolishing visas. It might be possible, therefore, to mention to Mr. Schuman your pleasure in learning that the French Government is on the point of taking the desired action and to express the hope of the Government of Canada that an announcement from Paris will be forthcoming at the earliest possible date.

2. *Settlement of accounts and the use of funds arising from emergency relief in France by the Canadian Army*

The Canadian Government has presented an account to the amount of some 12 million United States dollars as the Canadian share of military relief. We are prepared to defer payment without interest until after 1951 and to accept French francs for a fairly large portion of the claim to be used for the purchase of premises in Paris, for current expenditures in France of the Canadian Government, and for educational and cultural activities. You might find the opportunity to explain this to Mr. Schuman and to express the hope that shortly we may be able to commence the final negotiations for the settlement of this account.

3. *The appellation of origin used for wines and liqueurs*

The French feel strongly about the use of such time-honoured appellations as "Bordeaux" and "Burgundy" by such non-French wine producers as those in the Niagara District. It is of some importance to France commercially to try and retain

the "copyright" on such appellations, as the United Kingdom is trying to do with regard to "Scotch". Mr. Schuman might mention the subject.

4. *Germany*

It would be useful to have Mr. Schuman's views on the question of German participation in the Council of Europe. Gen. Vanier has reported that Mr. Schuman told him he was not particularly worried about manifestations of German nationalism during the recent elections.

There have been a number of rumours recently that the Russians might be thinking of some sort of deal in Germany, the Russian aim being primarily a voice in the International Ruhr Authority. While this would obviously depend on the quid pro quo offered by the Russians, Mr. Schuman may be able to say in principle, whether France was opposed to Soviet participation.

5. *The Saar*

In February, Canada extended M.F.N. treatment to products of the Saar on the basis of the Customs and Financial Union with France, while reserving its position as regards the political separation of the Territory from Germany. Our position, as of last February, was that recognition of the economic union did not prejudice in any way our stand on the delimitation of the frontiers of Germany in the eventual peace settlement.

6. *French Indo-China*

It is possible that Mr. Schuman may raise the question of the recognition by Canada of the Bao Dai Government. Both the United States and the United Kingdom may recognize Bao Dai, since in their view a refusal to do so would probably strengthen the Communist position in South-East Asia. To prevent their recognition being represented as an imperialistic move, they hope that some Far Eastern states such as India and the Philippines may take the initiative.

It would be useful to have Mr. Schuman's estimate of the task which the French forces would face in Indo-China if the Chinese Communists should penetrate to the Indo-China frontier and gave military assistance to the Communists in the latter country. Mr. Schuman might be able to give us his opinion of the success of Bao Dai in convincing the peoples of Indo-China that he represents an indigenous nationalist movement.

7. *Italian Colonies*

We should be interested in learning more about what France desires for Libya, and more particularly for the Fezzan which has been under French military administration for the past 6 years.

8. *The Future of O.E.E.C.*

There have been a number of conflicting reports recently concerning the French attitude towards O.E.E.C. Mr. Stone has reported that the Swedes believe the French regard the organization primarily as a distributing agency for U.S. goods. The French were foremost at Strasbourg in calling for European economic co-operation, and demanding what would amount to political control by the Council of Europe over O.E.E.C., or a comparable organ. Mr. Ritchie has reported from Paris that U.K. officials are not too happy about this development.

In the long run it is of interest to Canada to know what direction O.E.E.C., and Western European economic co-operation, are going to take after the period when it is primarily dependent on extra European aid. It might be useful to ask Mr. Schuman about his views.

[L.B.PEARSON]⁴

1005.

DEA/9908-AD-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France*

*Secretary of State for External Affairs
to Ambassador in France*

DESPATCH 667

Ottawa, October 18, 1949

Sir,

I have the honour to transmit for your information a report on the recent visits to Canada of Mr. Robert Schuman, Minister of Foreign Affairs of France.

2. You will recall that Mr. Schuman had made on September 16 an unofficial visit to Midland, Ontario, on the occasion of the Marquette Committee's pilgrimage to the Canadian Martyrs Shrine. Mr. Schuman had at that time flown from Washington to Camp Borden Airport accompanied by Mr. Bernard Clappier, Directeur de Cabinet, Mr. Allary, Chief of the Diplomatic Services of the Agence France-Presse, and Inspector of Police Perus. He was met at the airport by Mr. Jean Basdevant, Counsellor and Charge d'Affaires ad interim, Baron Michel de Warengien, Attache, as well as a representative of this Department. Mr. Schuman and his party had travelled by automobile to Midland, Ontario from the airport where they had attended Mass at the Christian Martyrs Shrine in the presence of Cardinal McGuigan, Archbishop of Toronto, Monseigneur Charbonneau, Archbishop of Montreal, Monseigneur Roy, Archbishop of Quebec, and members of the Marquette Committee. Mr. Schuman and party had returned to Washington that afternoon via the same route.

3. Having accepted the invitation of the Prime Minister to come to Canada for an official visit on the week-end of October 1-3, Mr. Schuman flew from New York in company with Mr. Paul Martin, Minister of National Health and Welfare.

4. On arrival in Ottawa on October 1 he was met at the Rockcliffe Airport by Mr. Brooke Claxton, Acting Secretary of State for External Affairs, the French Ambassador, Mr. Hubert Guérin, and members of his Embassy and the Chief of Protocol.

5. Mr. Schuman's party consisted of Mr. Bernard Clappier and Mme. Clappier, Mr. André Rabache, Director of the New York Office of the Agence France-Presse and Mr. Pierre Crenesse of the French Radio Broadcasting. Mr. Schuman's pro-

⁴ Cette note fut apparemment rédigée par la direction de l'Europe pour la signature de Pearson. This memorandum was apparently drafted by the European Division for Pearson's signature.

gramme for the next few days included visits to four Canadian cities and five universities. (I enclose a copy of the programme.)†

6. After laying a wreath at the National War Memorial on Saturday morning, October 1, Mr. Schuman called on the Right Honourable Thibaudeau Rinfret, Deputy Governor-General of Canada, His Excellency the Governor-General being in residence in Quebec. Thence Mr. Schuman proceeded to the East Block for an interview with Mr. St. Laurent. Mr. Schuman then went to Laurier House to call on Mr. Mackenzie King⁵ and to introduce to him the newly-appointed French Ambassador, Mr. Guérin.

7. A luncheon was given on Saturday in honour of Mr. Schuman by the Prime Minister at the Ottawa Country Club. (Attached is a copy of the table seating plan of the luncheon.)† After the luncheon Mr. King took Mr. Schuman to Laurier House and they drove by way of the Federal District Commission Driveway, the Experimental Farm and the Arboretum.

8. Later on Saturday afternoon Mr. Schuman and the French Ambassador called on Mr. C.D. Howe, Minister of Trade and Commerce, at his office where they discussed certain economic problems resulting from the devaluation of the pound sterling. Mr. Schuman mentioned the benefits obtained through the Anglo-France Economic Committee which meets periodically in London and in Paris. Mr. Howe recalled that Canada and the United Kingdom have a similar committee and he suggested to Mr. Schuman the possibility of the establishment of a similar committee by France and Canada. After having paid a formal call on Monseigneur Vachon, Archbishop of Ottawa, Mr. Schuman received from the University of Ottawa a honorary LL.D. degree in the presence of members of the teaching staff and representatives of the Diplomatic Corps. In thanking the University authorities for the honour conferred upon him, Mr. Schuman remarked that it was the first time that he had been offered a honorary degree. (Mr. Schuman is a Doctor of Laws of the Université de Strasbourg.)

9. A dinner was given on Saturday evening in Mr. Schuman's honour by the French Ambassador at the French Embassy. This was followed by a reception, in the course of which Mr. King was invested by Mr. Schuman with the Grand Cross of the Legion of Honour in recognition of service during the war. Some 200 guests attended the reception.

10. On Sunday morning, October 2, Mr. Schuman left Ottawa in a Royal Canadian Air Force aircraft for Quebec. In addition to the members of his party already mentioned, Mr. Schuman was accompanied on this tour of Canadian cities by the Ambassador of France, M. Jean Basdevant, Counsellor of the French Embassy, Colonel Gilbert Andrier, Military, Naval and Air Attache, M. Pierre Queuille, Commercial Counsellor and Financial Attache, and Mr. Jean Langlois, Protocol Officer of the Department. The party was met at the Quebec Airport by Mr. Marcel Duranthon, Consul General of France at Quebec, and Mme. Duranthon, Mr. P. del Perugia, French Vice Consul, and Mme. del Perugia and several others of the

⁵ Il fut le prédécesseur immédiat de St-Laurent à titre de premier ministre.

St. Laurent's immediate predecessor as Prime Minister.

French colony in Quebec City. Mr. Schuman and his group attended High Mass at the Basilica, where Monseigneur E.C. Laflamme extended from the pulpit a very warm welcome to the distinguished visitor.

11. After Mass, Mr. Schuman and the French Ambassador paid a visit to Mr. Onesime Gagnon, Acting Premier of the Province of Quebec. Mr. Schuman then proceeded to the Citadel to pay his respects to the Governor-General and Lady Alexander. His Excellency and Mr. Schuman conversed for some time in French about the events which had taken place on this historic site during the war.

12. Mr. Schuman was the guest of Laval University at a luncheon given at the Cercle Universitaire which was presided over by Monseigneur Roy, Archbishop of Quebec and Chancellor of the University, and Monseigneur Parent, the Vice Rector. Also present were Mr. Onesime Gagnon, Dr. Charles Vezina and Mme. Vezina, Mr. Justice J.A. Gagné and Mme. Gagné, other members of the Faculty and Brigadier J.C. Allard, C.B.E., D.S.O., Commander, Eastern Quebec Area.

13. Before leaving for Montreal on Sunday afternoon, Mr. Schuman and party were taken on a tour of Quebec City including a visit to Notre Dame des Victoires and the Plains of Abraham. A large crowd had gathered at the Quebec Airport to say goodbye.

14. At the Dorval Airport, Montreal, Mr. Schuman and party were met by the French Consul General, Mr. Ernest Triat, and Mme. Triat and by Mr. Pierre Gabard, French Consul, and Mme. Gabard. Immediately after his arrival, Mr. Schuman called upon Monseigneur Charbonneau, Archbishop of Montreal, at the Archbishop's Palace.

15. From the Archbishop's Palace, Mr. Schuman and party proceeded to the University of Montreal. Canon Deniger, Vice Rector of the University, and Mr. Édouard Montpetit, Secretary, greeted the Foreign Minister and members of his group and conducted them through the spacious building. Mr. Schuman congratulated the Vice Rector on the magnificence of the University quarters. There followed two short visits to the College Marie de France and the College Stanislas.

16. Mr. Schuman was entertained Sunday afternoon at a buffet supper given in his honour at the home of Dr. F. Cyril James, Principal of McGill University. There were present among others Mr. Justice Tyndale, Professor Fieldhouse, Mr. Henry Morgan, Senator Thomas Vien and several members of the McGill Faculty. Mr. Schuman stated later that he had welcomed this opportunity to discuss informally conditions in France and Canada.

17. The principal public engagement during Mr. Schuman's visit to Montreal on Sunday, October 2, was an address he delivered at the Ritz-Carlton Hotel under the auspices of the United Nations Association in Canada before a capacity crowd. Mr. Schuman gave an expose of French foreign policy; then he made a plea for a Western Union based on a common spiritual and cultural heritage and urged that such a Union should be supplemented by economic and defence measures. Speaking of French Colonial policy, he stated that his country believed in the political emancipation of dependent peoples.

18. His speech, a copy of which is enclosed,† was broadcast by the C.B.C. and was followed by a question period lasting over an hour. Questioned about French

reaction to devaluation, Mr. Schuman said that if it were carried out efficiently, it would result in freer trade and a more stable economic situation. In response to a suggestion that he had been opposed to German devaluation, Mr. Schuman said that he was only opposed to an exaggerated rate of devaluation which he described as being a form of "dumping". Mr. Schuman said that the Tito-Stalin quarrel was a hopeful sign, for he felt that the Yugoslav stand would sooner or later be imitated by other satellite countries. He ascribed the improved situation in Greece to the change of policy in Yugoslavia. Referring to Germany, he expressed his opposition to a centralized form of government. He believed that the internationalization of the Ruhr as a great economic and military arsenal was a necessity for the maintenance of peace. Questioned concerning France's position on Palestine, he answered that the Holy Places must be safeguarded and kept accessible to the adherents of all faiths.

19. The last day of Mr. Schuman's stay in Canada, Monday, October 3 was spent in Toronto. It included calls on the Honourable Ray Lawson, O.B.E., LL.D. Lieutenant-Governor of the Province of Ontario, and the Honourable Leslie Frost, Premier of the Province of Ontario, as well as on Cardinal McGuigan, Archbishop of Toronto, and the Right Reverend A.R. Beverly, Anglican Bishop of Toronto.

20. The highlight of the day was an extended visit to the University of Toronto where Dr. S.E. Smith, President of the University, welcomed the distinguished visitors, who were then taken on a tour of the University buildings by the President and by Mr. N. Ignatieff, Warden of Hart House. A luncheon was given in honour of Mr. Schuman at Saint Michael's College, where he had an opportunity of chatting with an old friend, Professor Etienne Gilson of the Institute of Medieval Studies.

21. On his arrival in New York from Toronto on the evening of October 3 Mr. Schuman stated to the representatives of the New York press that his sojourn in Canada had been a very gratifying and enlightening experience. He had been particularly interested in observing Canadian political institutions which, under a federal constitution, had been able to fuse peoples of diverse racial origins and religious beliefs into one united nation.

I have, etc.

J.S.M. LANGLOIS
for the Secretary of State
for External Affairs

5^e PARTIE/PART 5ALLEMAGNE
GERMANY

1006.

DEA/7-CA-18(s)

Note du chef, direction de l'Europe
Memorandum by Head, European Division

SECRET

[Ottawa], June 17, 1949

CANADIAN POLICY TOWARD GERMANY

From May, 1945, until the failure of the London meeting of the Council of Foreign Ministers in December, 1947, the Canadian attitude toward Germany was rather like that of a hunter toward a dead duck—a little worried that it might come back to life, a little interested in what should be done with the carcass, and, most of all, concerned that his part in disposing of the carcass should reflect his part in shooting the bird down.

2. To take leave of the metaphor, we in Canada began by thinking of a German settlement in terms of a formal peace treaty in which we should take an adequate part. Early in 1948, however, other events began to change our thinking. It was clear that this moribund area was capable of producing badly needed goods and the Marshall formula pointed the way in which this potential capacity could be put to good use. Furthermore, the internal conditions in Germany were unhealthy and if left in that condition could result in communist domination of the entire area. In short, we realized that regardless of whether a treaty settlement of Germany was achieved or not some degree of industrial revival was essential to European recovery and world trade on which Canada largely subsists. It was also obvious that if Germany was to be denied to communism its internal economic and political stability must be secured.

3. The Soviet Union, however, had shown every indication that it did not intend to permit a settlement of these problems either in the short run by a four-power agreement or in the long run by a formal peace settlement. Enormous difficulties confronted the Western Powers if they were to attempt to solve these problems for their zones of occupation without a peace settlement. The U.S.S.R. could not be permanently excluded by any arrangements they made. The French and other European neighbours of Germany were justifiably afraid of a German industrial revival which would include an increase in its war-making capability. These limitations had to be reconciled with the necessity of the United States and United Kingdom to get rid of their heavy financial burdens resulting from German industrial paralysis. Moreover, if Western Germany was to be saved from communism their desperately low standards of living had to be raised. To meet this situation the Western Powers had to reconcile wide differences of opinion among themselves and produce a solution which would not provoke the U.S.S.R. unduly. Considering the complexity of the problem we felt that to insist on a full part in the negotiations for Canada would

invite similar requests from other countries and make agreement even more difficult.

4. Western talks on these problems began in London in February, 1948. From a list of these agreements you will note that they cover all the important provisions that would appear in a formal peace treaty.

(a) Report of the London Conference of June 7, 1948, which sketched the general intentions of the Western Powers, the details of which follow.

(b) International Statute for the Establishment of an International Authority for the Ruhr, announced December 28, 1948. The member states of the Authority are the United Kingdom, United States, France, Benelux States and eventually Germany.

(c) Directive establishing a Military Security Board, announced January 17, 1949, now organized as a subordinate agency of the Military Governors. It will presumably continue to function after the High Commission has been established.

(d) Frontier Revisions, announced March 26, 1949. These were minor; not all were accepted by the receiving states.

(e) Occupation Statute, announced April 8, 1949. This imposed some legal restrictions on the competence of the West German government.

(f) Agreement on German Reparations Programme (dismantling), announced April 13, 1949.

(g) Agreement concerning prohibited and limited industries (level of industry), announced April 13, 1949.

(h) Tripartite Controls Agreement, announced April 25, 1949. This set out the manner in which the powers reserved under the Occupation Statute would be exercised.

(i) Interpretative memorandum on the principles governing the exercise of occupation power, *not* made public.

(j) Agreed minute on the settlement of financial claims against Germany, *not* made public.

(k) Agreed minute on Wurttemberg-Baden Plebiscite, announced April 25, 1949. This provides for a re-examination of Land boundaries.

(l) Agreement regarding Port of Kehl, announced April 25, 1949. This gave the French a special status in the port, across the Rhine from Strasbourg.

In addition to the above, the United Kingdom and United States on November 10, 1948, promulgated Law No. 75 which provided for the re-organization of Ruhr steel and coal resources, the ownership of which was vested in German trustees pending decision by a German government on ultimate ownership.

5. As things stand now, Western Germany is about to be constituted as a state and, subject to some initial limitations on their sovereignty, the Germans are about to assume increasing responsibility for their own affairs. This process has already begun. We are informed that responsibility for the purchase of imports has been handed over from the tripartite Joint Export Import Agency to a German organization. This means that Canadian interests in Western Germany will, to an increasing

extent, become the subject of direct negotiation and discussion with the new political regime.

6. We can see now that the recent meeting of the Council of Foreign Ministers had only a slim chance of preparing a peace settlement or even of re-uniting Germany. The main results have been so far as Germany is concerned, first, an arrangement whereby trade between Eastern and Western Germany may become possible and, second, a written guarantee by the U.S.S.R. of communication between the Western zones and Berlin. While we would applaud both of these accomplishments for what they may contribute to the stability of Europe, they do not materially affect the London programme. There will be a democratic West German state and Eastern Germany will remain under Soviet domination, for all practical purposes a separate, unknown, and inaccessible country. An East-West *modus vivendi* is now possible; German unity remains to come. The chances of another Council of Foreign Ministers meeting are slight. The United States State Department's idea seems to be to consign future dealings to a permanent or semi-permanent Committee of Deputies.

7. We must now consider Canada's relations with the new West German state. Our basic policy toward Western Germany will, of course, contain features of our original policy toward all of Germany. We shall continue to oppose German rearmament and exert such influence as we can to discourage a revival of aggressive nationalism or the advent to power of the communists. In all other respects we must think in terms of normal relations with a normal country. That is to say, we want Western Germany to be friendly to ourselves and to our friends.

8. The special features of our relations with Germany, the vanquished enemy, need not be emphasized. They include occupation policy, the disposition of military forces, and measures to ensure continued demilitarization and disarmament. These matters have been covered by the London programme and we would expect to be consulted on any change contemplated for them, both as a former belligerent and as a signatory of the Atlantic Pact which extends its protection to German territory so long as the occupation lasts.

9. We are now faced with the task of establishing normal relations with the new German state. These involve for us the problem of export and import arrangements, commercial and financial relationships, diplomatic exchanges, immigration, cultural exchanges including exchange of students, radio programmes etc. and the exchange of technical information. Within the limitations of our basic policy on disarmament and demilitarization, we must also examine what arrangements can be made with Western Germany for collective self-defence.

10. You will see that the "German problem" had radically changed in character during the last four years. Western Germany, at any rate, is no longer an object on which we express opinions for its future—that has largely been decided. Instead it is rapidly becoming a state with which we must deal directly. This removes our

policy on Germany from the field of velleities⁶ and aspirations to one of negotiation and practice.

T.W.L. MACDERMOT

1007.

DEA/7-CA-18(s)

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], July 22, 1949

POLICY REGARDING THE WEST GERMAN STATE

On August 14, elections will be held in the Western zones of Germany to bring into existence a German government for the Federal Republic of Germany. Having in mind the declared intention of the western occupying powers to endow German governmental organs with increasing responsibility for German affairs, it might be useful to consider what course the Government may wish to follow in the light of the new situation.

2. The new German government will be composed of two elements; the occupation powers speaking through the Allied High Commission, and the German bicameral parliament to be elected.

3. The High Commission will be concerned with ensuring the peaceful and, so far as it can, democratic nature of the German Federation. Although almost every aspect of Western Germany's foreign relations is made the responsibility of the High Commission, it can be assumed that the High Commission will exercise this power only so far as "the purposes of the occupation" may be affected. For these "purposes" we shall have to deal with the High Commission. But the very existence of a German government, even if the three powers did not intend to confer increasing authority upon it, would suggest that we must take German influence into account. In the normal conduct of business the German voice will increasingly predominate and we shall have to deal with it in much the same way as we would deal with the responsible authorities of any other country of similar size and importance. It may be relevant to note here that German industrial production is already over 90 percent of its 1936 rate and its monthly foreign trade is about \$235,000,000 in value.

Economic Interests

4. Our exports to Germany in the first quarter of 1949 were appreciable (\$7,045,764) and greatly exceeded our imports (\$1,311,970). Although we have a Most-Favoured-Nation Trade Agreement with Western Germany, our exporters have had some difficulty selling there because the Joint Export-Import Agency,

⁶Note en bas de la page du document original:

Footnote in original document:

"A low degree of volition, not prompting to action".

which controls Western Germany's foreign trade, restricts imports from countries which have not entered into bilateral trade agreements with the Agency. We have also been unable to obtain certain desirable imports from Germany because they were committed by the Agency in bilateral agreements with other countries. A memorandum, setting forth the difficulties we have encountered in our trade relations with Western Germany, has been transmitted to the State Department in Washington, since the United States has the predominant voice in the policies of the Joint Export-Import Agency.⁷ The Agency shows a preference for bilateral balancing of trade with individual countries, and has tried to induce Canada to enter into a bilateral trade agreement. In the absence of such an agreement it will not be easy to maintain our present rate of exports to Western Germany, particularly after the end of E.R.P., unless we can increase our imports from Germany. The Germans want to send a trade representative to Canada and to have their businessmen come here to survey the Canadian market. The need for early development of Canadian markets for German goods is becoming increasingly important.

Cultural Relations

5. We have generally approved the idea of the integration of Western Germany with Western Europe and it would seem sensible for us to foster cultural relations which might assist in giving the Germans a pro-Western outlook. The virtual exclusion from Canada of German students, observers and speakers conflicts with our desire to encourage this pro-Western outlook. Both the United Kingdom and the United States have relaxed their legal barriers against the entry of German visitors and have been encouraging and sponsoring cultural exchanges.

6. The exclusion of German nationals wishing to migrate to Canada has dampened German interest in this country and has given rise to protests by some German elements in this country. The objection to our present policy is not that Canada is failing to do its share to relieve the present over-population of the Western zones, but that the Germans are now the only people who are excluded because they were enemies in the last war. The prohibition against their entry into Canada has the incidental result that it restricts the distribution of information about Canada to the Germans, many of whom enquire about this country because they are interested in coming here.⁸ To prevent Germans from being encouraged to hope for something we know to be legally impossible, it has been necessary for us to observe extreme caution in C.B.C.I.S. programmes and in the use of other informational media (films, publications, etc.).

Political and Strategic Interests

7. Politically and militarily, Germany will continue to be of great interest to us. As long as the occupation lasts, the North Atlantic Treaty extends its protection to Western Germany. As long as the division of Germany lasts, Germany will be an important area for the observation of East-West relations and communist tactics.

⁷ Note marginale/Marginal note:

Has there been any reply to or report on this? [L.B. Pearson]

⁸ Note marginale/Marginal note:

We should reconsider this prohibition [L.B. Pearson]

Any degree of recognition given by non-occupying Western Powers would tend to enhance the prestige of the West German state and perhaps increase its attraction for Eastern Germans. The question of German unity is bound for some time to be a sore one and it is clearly in our interest that a Western Germany with a pro-Western outlook should be a rallying point for the German people, not only because of its economic strength, but because of its moral leadership and the fact that its reasonable aspirations are recognized. Our formal attitude toward Germany as an enemy state is beginning to place us in an anomalous position. From the point of view of daily intercourse this can do us no good. From a political point of view it runs counter to our desire to see Germany take its proper place among democratic countries.

Recommendations

8. *Establishment of Political and Economic Relations*—Under Article VIII of the Charter of the Allied High Commission, governments of “especially interested” non-occupying powers “will be invited to appoint missions to the Council of the High Commission having access, by procedures to be determined, to its subordinate bodies and to the German government”. When a German government assumes office, it is submitted that we should accord some form of recognition to the new regime. While it would, of course, be premature to recognize the West German State as a sovereign state, or its government as a fully independent government, either *de facto* or *de jure*, Canada’s recognition of the new situation might take the form of appointing political and commercial representatives to the Allied High Commission in Western Germany and receiving in Canada German political or commercial representatives appointed by the High Commission⁹.

9. *Functions of a Mission in Western Germany*—Apart from the strictly commercial functions of which it would be the centre, a Canadian mission at the seat of the West German government would be required to keep closely in touch with the many economic and political developments in Western Germany which can be anticipated. Particularly in the early stages there will almost certainly be a number of radical changes which will affect both political and economic relations with Germany’s Eastern and Western neighbours. The nature of these changes will affect many of our commercial, political and strategic interests in Europe. This mission should therefore be in a position to report on new German policies as they appear and to keep us informed of their bearing upon Canadian interests in Europe.¹⁰

10. *Future of our Existing Missions in Germany*—Political and psychological considerations might oblige us to keep the Berlin Military Mission open.¹¹ Even with a drastically reduced staff, however, it could still produce useful reports of political, economic and military interest. This Berlin office as well as the present

⁹ Note marginale:/Marginal note:

I agree though I think only German commercial representatives could be sent to Canada at first [L.B. Pearson]

¹⁰ Note marginale:/Marginal note:

Agreed [L.B. Pearson]

¹¹ Note marginale:/Marginal note:

I officer would be enough [L.B. Pearson]

consulate at Frankfurt would, of course, be responsible to the Head of the Mission accredited to the High Commission.

11. *Entry of German Nationals to Canada*—A necessary part of establishing more normal relations with Western Germany would be to restore freedom of movement between Germany and Canada. It is therefore recommended that as a concomitant to establishing relations with the new regime the government might consider removing or modifying the present bars which prevent Germans from entering Canada as immigrants or non-immigrants. This could be done by the revocation or modification of Order-in-Council P.C. 1373 of April 9, 1946 insofar as German nationals are concerned. This would do no more than put German nationals in the same position as the nationals of ex-enemy states with which peace treaties have been concluded.¹²

A. H[EENEY]

1008.

PCO/Vol. 208

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], December 13, 1949

In a letter dated November 30,† the United Kingdom High Commissioner enclosed telegram Y.No.461 dated November 29, 1949† from the Commonwealth Relations Office outlining the proposals being considered by the Western Occupying Powers to terminate the state of war with Germany, and asking for our views. A copy of that communication has been sent to you.

2. As early as April 1948 we made our views known to the three Occupying Powers that we regarded the measures then being taken in Western Germany as something close to a peace settlement, but the Western Powers have consistently resisted this inference. Accordingly they now propose as another ad hoc arrangement, to "terminate the state of war" which they attempt to differentiate from the conclusion of a peace.

3. In accordance with our position, we do not regard this step as a isolated action but as the concluding part of a peace settlement. If it is taken we shall no longer be in a position to offer any views or to influence subsequent developments in Germany in line with the policy announced by the Canadian Government in January 1947.

4. In the attached memorandum we have recognized, what I think, are the realities of the situation. If war is terminated it is difficult to imagine under what circumstances a peace conference would be called unless the Soviet Union accepted this settlement.

¹² Note marginale:/Marginal note:
I agree LB P[earson]

5. Secondly, we suggest that we are justified in ending the state of war in this way because Soviet obstruction leaves no alternative. Finally, we suggest that the independent termination of the state of war should be described as interim and subject to Four Power approval should a formal peace treaty become possible. This is the line usually taken in other announcements of Western decisions on Germany.

If you agree I propose that we inform the Governments of the United Kingdom, the United States, France, the Netherlands and Belgium of our views.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET

[Ottawa], December 13, 1949

TERMINATION OF THE STATE OF WAR WITH GERMANY

1. Between December 1947 and February 1948 the Occupying Powers decided they could not afford to let the U.S.S.R. obstruct a German settlement any longer. Between February 1948 and November 1949 they decided upon and brought into effect in the three Western Zones a number of measures which, taken together, have all the essentials normally found in a peace treaty. These decisions were based on the general survey made in the London Report of June 1948 but they were taken at different times and reached through different procedures by bodies differently composed.

2. With the establishment of a German Government on September 21, 1949, the objectives set by the London Report had all been achieved. The tripartite meetings in Paris in November 1949 and the subsequent protocol of November 24 began a phase in which for the first time the Three Powers negotiated with the Germans. This was the first document on which allied and enemy signatures had appeared together since the surrender. In signing it the Germans took cognizance of arrangements on which they were not otherwise consulted and which they had not hitherto acknowledged viz., the International Ruhr Authority and the Military Security Board. On this occasion too the Germans obtained a modification of the terms imposed earlier by the Allied Powers, such as dismantling. Provision was also made for German consular representation abroad and for membership in international bodies. The clear analogy between the signing of the protocol and the signing of the final instrument of a peace treaty was inescapable.

3. Although the various points of the settlement are closely related it is as a whole more flexible than the traditional peace treaty would be. Indeed the conclusion by the Occupying Powers of agreements which are interdependent and yet capable of standing by themselves is, in effect, remarkably like the International Statute proposed by Canada in its submission of January 30, 1947.

4. It should also be noted that the settlement is susceptible of change and there will almost certainly be further modifications in it. In fact modifications are specifi-

cally provided for in the Occupation Statute, which establishes the relations between the German State and the Occupying Authority.

5. There remains only one outstanding question: the termination of the state of war. We have been asked by the United Kingdom to submit our views on whether or not we think this step should be taken and, if so, how.

Canadian Policy

6. The Government was kept generally well informed both of the broad policy as discussed in London and of each detailed agreement as it was reached. We were not happy about the arrangements which did not permit other interested belligerents to express their views. Mr. St. Laurent on May 5, 1948 told the House of Commons that the Government recognized the difficulties of the situation and did not wish to create more by insisting on participation. At the same time it would continue to seek an adequate part in the negotiation of a formal treaty. We communicated our views unofficially to the participating powers on the following subjects: the future political organization of Germany; the role of Germany in European and world economies; property claims in Germany; and the Ruhr Authority.

7. In August 1949 the Government agreed that Canada should extend some form of recognition to the new régime in the Federal Republic of Germany and that we should take steps to bring relations with the Federal Republic to something like normal. It was agreed that we should accept an unofficial trade agent in Canada and that the interpretation of our exclusive immigration regulations should be modified to admit certain categories of Germans.

8. In general, the Government has supported efforts to bring the Federal Republic into the democratic community and has encouraged relations which would further our commercial interests in Germany.

Termination of the State of War

9. The next logical step in the western programme would appear to be to end the legal state of war.

10. In effect, Canada is being asked to adhere to the *de facto* German settlement and we should consider how this bears on our policy.

11. As a signatory of United Nations Declaration of January 1, 1942, Canada obliged itself "to co-operate with the Governments signatory hereto and not to make a separate armistice or peace with the enemies".

12. In an effort to be legally correct, the United Kingdom argues that a declaration terminating the state of war is not the same as a formal treaty of peace. But the difficulty cannot be overcome by a change of phrase. A legal argument for making peace or terminating war is that signatories of United Nations Declaration were only bound not to sue for peace while others were still fighting. Otherwise El Salvador, a signatory to the Declaration could, on the strength of that document, continue the state of war indefinitely by refusing to agree to an armistice or a peace.

13. It has also been pointed out that if we distinguish between terminating war and making peace we must suppose that there is an intermediate legal status between war and peace.

14. In our view the decisive argument is not primarily legal. Independent termination of war with Germany is justified by Russian intransigence, just as the previous steps in the total settlement were justified.

15. The United Kingdom has proposed that the termination of the state of war should apply to all of Germany and not only to the Federal Republic. For political and administrative reasons this would be most suitable and it would avoid the necessity of distinguishing between the enemy and non-enemy Germans.

16. It has further been suggested that the procedure followed in ending the state of war with Austria might be applied to Germany. The stand taken by Canada in that instance was that this country was never at war with an entity called Austria, whereas we were at war with Germany.

17. To end the state of war by executive action might raise a serious constitutional problem for Canada. The declaration of war was proclaimed in Canada by the King after Parliament had been consulted. In the past the termination of a state of war has always been debated in Parliament before ratification and while the royal prerogative could be used it would have no precedent and might prove particularly controversial where the country concerned is Germany. It would therefore seem preferable to follow the same procedure used for the declaration of war against Germany and have a proclamation issued after Parliament had debated the question. Moreover Parliament might expect an explanation for an action which will prevent the Government from implementing the policy toward the German settlement which it announced to Parliament on January 30, 1947 and in May 1948.

18. (The constitutional obligations of the United States Government would probably be more rigid. Unless it is able to defend in court the distinction between terminating a war and concluding a peace it will have to obtain a two-thirds vote of the Senate. A debate in the United States Senate preceding the termination of war by the United States might provoke a demand for a similar procedure in Canada.)

In summary, it is our view that:

(a) We should accept the expression and the idea of a "termination of the state of war" without attempting to distinguish it from the conclusion of a peace.

(b) We should make it clear that the arrangement is interim in character but that it will last until a final settlement with Soviet participation becomes possible.

19. Throughout this paper it has been a fundamental assumption that a virtual peace settlement has been in train since the spring of 1948 and that the termination of the state of war will give effect to one of the legal consequences of a normal peace settlement.

20. The individual Acts of the settlement up to date appear in the aggregate strikingly similar to the International Statute described in the Canadian submission of January 30, 1947. Arranged below in the form of a Statute are the items of the settlement on the left and the gist of each article on the right.

Preamble

The London Report June 7, 1948 — Statement of Principles, Purposes and Procedures.

Article I

International Statute for the Establishment of an International Ruhr Authority announced December 28, 1948. — Control of the Ruhr Coal, Coke and Steel resources.

Article II

Directive Establishing the Military Security Board announced January 17, 1949. — Controlling and supervising German armament and militarization.

Article III

Frontier Revisions announced March 26, 1949. — Making minor and interim adjustments to Germany's Western frontiers.

Article IV

Occupation Statute announced April 8, 1949 — Defining the relative fields of governmental activity as between the occupying powers and German Governments in the three Western Zones.
Basic Law, approved by Occupying Powers—May 12, 1949

Article V

Agreement on German Reparations Programme (dismantling) announced April 13, 1949 (Revised at Petersburg) November 24, 1949) — Reducing dismantling plans previously agreed upon.

Article VI

Agreement concerning prohibited and limited industries announced April 13, 1949 (amended at Petersburg November 24, 1949) — Laying down the level of industry and the types of industrial scientific activity to be permitted.

Article VII

Tripartite Controls Agreement announced April 25, 1949 — Setting out the manner in which Occupation Powers (see Article IV) will be exercised.
also a secret interpretive memorandum — giving the principles governing the exercise of Occupation authority.

Article VIII

Agreed secret minute on the settlement of financial claims against Germany

- This was implemented in co-ordinated military government laws dealing with claims. Also under this article there should be mentioned numerous laws,
- now co-ordinated dealing with restitution of property and war damage claims.

Article IX

Agreement regarding the Port of Kehl announced April 25, 1949

- Giving France a special status in this city, across the Rhine from Strasbourg.

Article X

Charter of the Allied High Commission agreed June 16, 1949

- Giving the organization and responsibilities of various occupation bodies.

Article XI

Law 75—U.K. and U.S. Zones

- Providing for decentralization and reorganization of German heavy industry under coal and steel boards.

Article XII

Various four, three and two-power decisions from Potsdam to the present which have been continued in force.

- Decartellization, denazification, war criminals, democratization

Article XIII

Current Legislation by High Commission—September 21, 1949 to present.

- Control of the Press, handing over of powers to German Government.

Article XIV

Petersburg Protocol November 24, 1949

1. Amending previous reparations agreements.
2. Permitting an increase of shipping.
3. Providing for German membership in international organization.
4. Providing for German membership in the Ruhr Authority and co-operation with the Military Security Board.
5. Enabling German consular and commercial representatives to travel abroad.

6. Affirming the German Government's acceptance of democratic principles and binding it to take measures to combat authoritarianism.
7. Affirming the German Government's acceptance of responsibility for legislation on cartels and monopolies agreed by the four powers.

6^e PARTIE/PART 6

ITALIE
ITALY

1009.

L.S.L./Vol. 88

*Note du bureau du premier ministre**Memorandum from Office of Prime Minister to Prime Minister*

Ottawa, September 22, 1949

VISIT OF COUNT SFORZA

While the Italian Foreign Minister will probably wish to confine the conversation to a general discussion of the international situation, it is possible that he may raise one or two specific points, and there are also a few questions which it might be useful for you to take up with him.¹³

1. Italian Immigration to Canada:

Count Sforza may very well raise this question to which, of course, the Italians attach a great deal of importance. The Italians originally suggested that we might be willing to take skilled agriculturists and their families if they could be provided with \$2,000 per family from E.C.A. This was turned down by the latter organiza-

¹³ Le ministère des Affaires extérieures a tenté de déconseiller la visite de Sforza, tout particulièrement parce que St-Laurent et Pearson seraient préoccupés avec le Parlement et la visite d'autres dignitaires étrangers. De fait, Pearson fut élu président du Comité politique de l'Assemblée générale des Nations Unies, et était absent à Lake Success pendant la visite. Le comte Sforza fut à Ottawa les 23-24 septembre 1949. Le rapport subséquent consiste en des coupures de journaux, une copie de cette note et une copie de la lettre du ministre en Italie à St-Laurent (en date du 26 septembre 1949) à propos d'une visite privée avec Désy à Boucherville (Québec).

The Department of External Affairs had tried to discourage Count Sforza's visit, particularly because St. Laurent and Pearson would be preoccupied with Parliament and with visits of other foreign ministers. In fact, Pearson was elected Chairman of the Political Committee of the United Nations General Assembly, and was away at Lake Success during the visit. Count Sforza was in Ottawa on September 23-24, 1949. The subsequent report consisted of clippings, a copy of this memorandum and a copy of a letter from the Minister in Italy to St. Laurent (dated September 26, 1949) about a private visit with Désy to Boucherville, Québec.

tion and the point was then raised whether we would accept agricultural families on some other basis. Unfortunately the record of Italian farmers in the past in Canada has not been particularly good. Immigration has now offered to take some of these families on an experimental basis if they can produce \$5,000. This is likely to prevent any families coming. The Italians regard emigration from Italy as one of the primary economic problems of the country and regard Canada as one of the natural outlets for their surplus population.

2. *Visa Agreement with Italy:*

The Canadian Chargé d'Affaires in Rome has just been instructed to propose to the Italian Government that an agreement for the modification of visa requirements between the two countries be arranged. Visas for Canadian tourists and business men would be abolished, and we would grant visas gratis to Italian business men and tourists wishing to visit Canada for a period of up to a year. This is important in view of the number of Canadian visitors to Rome next year.

3. *Trieste and Relations with Yugoslavia:*

While Italy is not likely to adopt a line very different from that of the United States and the United Kingdom towards Tito, the Italians have a special interest in the maintenance of Yugoslav independence, and Count Sforza may be able to add to our information on the subject of the Tito-Cominform dispute. In particular it would be useful to have his views on developments in Albania and the danger of a general Balkan conflict arising if the Greeks should decide to chastise the Albanians.

Italian relations with Yugoslavia have recently been exacerbated by the persecution and eviction of Italians by the Yugoslav authorities in their zone of Trieste. The Italians were even contemplating protesting to the United Nations, but were dissuaded by the United Kingdom and the United States. Sforza might be asked if he thinks Italo-Yugoslav relations can become amicable in spite of such pin-pricks. He could also be asked if he thinks the incorporation of the Western portions of Trieste into Italy as anticipated in the Tripartite Declaration of March 20, 1948, would now be accepted by Tito.

4. *Council of Europe:*

The Italian delegates to the Council of Europe at Strasbourg played a very inconspicuous role, but there is no reason to believe the Italian Government is not a warm supporter of European co-operation. Count Sforza might be asked how he foresees this development in the political sphere; in particular what attitude he would take in connection with the admission of the Federal Republic of Germany to the Council.

Italy has occasionally been accused of regarding O.E.E.C. as primarily a source of United States aid, and of not pulling her weight in inter-European economic co-operation. Count Sforza might be sounded out on the Italian attitude towards this question, and the related problem of the Italo-French Customs Union.

5. *Relations with Greece:*

The conversation might begin by a reference to the agreement signed on August 31, between the two countries concerning war damage and compensation, and an indication of the pleasure felt here that Greece and Italy had decided to forget old grievances and co-operate for the common good. He might then be asked if he has any views on the question of associating Greece and/or Turkey with the Western Powers for the purpose of resisting Communist pressure. In particular he could be questioned about the "Mediterranean Pact" and asked if he has any recent information on this subject.

6. *United Nations:*

Any information concerning the Italian feeling at their continued exclusion from the United Nations would be useful. In particular, Count Sforza might be asked for his views on the Soviet proposal to accept *en bloc* all applicants for membership in the United Nations.

7. *Settlement of War Claims and Release of Assets between Canada and Italy:*

Attached is a brief note¹⁴ indicating that the negotiations are proceeding amicably and have reached an advanced stage at the official level. It is not considered necessary to raise this question with Count Sforza. This note is submitted in case Sforza should himself raise this subject.

8. *Former Italian Colonies:*

We were interested to read the text of Count Sforza's recent speech in the Senate, and particularly to note the emphasis he placed on the importance of co-operation between Italy and the United Kingdom in Africa. We have watched with gratification the growth of a greater degree of agreement between the two countries, and are sensible of the extent to which Count Sforza's own efforts have made this possible. We have been grateful to Italy's representatives in Ottawa for the promptness with which they have kept us informed of developments.

Since the position of Italy, France, the United States and the United Kingdom have now been stated, and since it will take a good deal of difficult negotiation to compose their remaining differences, it might perhaps be wise not to enter into any detailed discussion of the issues at stake during Count Sforza's visit to Ottawa, but to leave these for discussion at Lake Success where these issues will shortly come to a head. To ask Count Sforza to reiterate his statement of policy in Ottawa may only make it a little harder for him to adjust his policy to United Nations' requirements when the conferring in New York begins.

9. *Canadian Representation in Italy:*

The Canadian Government approved the establishment of Italian political representation in Ottawa in January 1946, and the first Italian political representative, Count di Cossato, arrived shortly afterwards.

¹⁴ Note au bas de la page du document original:

Footnote in original document:

This note will be available in the morning.

The Canadian Legation in Rome was established in October 1947 with Mr. Jean Désy as Minister.

The Legations in the two countries were raised to Embassies on January 2, 1948.

J[ULES] L[ÉGER]

7^e PARTIE/PART 7

POLOGNE

POLAND

1010.

DEA/837-40

Note du chef, direction de l'Europe

Memorandum by Head, European Division

CONFIDENTIAL

[Ottawa], April 21, 1949

Note for File

The Polish Minister, Mr. E.J. Milnikiel, accompanied by his Legal Adviser, called on the Department today by arrangement at 11:30 and was met by Mr. Hopkins and Mr. MacDermot in the office of the latter.

The Minister began by assuming that we were aware of the long and disagreeable difference between Canada and Poland over the Polish art treasures which were brought to Canada for safekeeping in 1940. He said that his Government regarded this question as one between two sovereign governments and in their view it was the responsibility of the Canadian Government to find a solution to it. The Polish Government did not intend to nor could it take cognizance of the internal constitutional system of this country. It was not possible, he said, for Canada to plead constitutional difficulties as an explanation of their failure to meet their international responsibilities. He knew that the bulk of the treasures were now in the hands of Premier Duplessis of Quebec but he felt that it was the duty of the Canadian Government to explain to M. Duplessis that the restoration of the treasures to Poland was a question of international law.

Mr. Hopkins asked the Minister if he had any way to suggest in which the Canadian Government could take action to this end. The Government had never accepted responsibility for the treasures and as the Minister knew had no jurisdiction over provincial matters of property and civil rights.

The Minister insisted that it was a matter for the Canadian Government to solve and then handed to me a note† for the Secretary of State for External Affairs in which he said that the whole position of the Polish Government was set out and which we would no doubt wish to study. Later on he hoped he would be able to call upon the Department again to discuss the note and on this basis the interview ended.

T.W.L. MACDERMOT

1011.

DEA/837-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État ad intérim aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

SECRET

Ottawa, April 26, 1949

RE: POLISH TREASURES

I refer to my memorandum of April 21† in which I made some preliminary observations with respect to the Polish Note which was on that day handed to the Department. This memorandum deals with the problem more fully.¹⁵

2. The Polish authorities have renewed their demands that the treasures be handed over intact by the Canadian Government. They repeat their assertion that Canada is under an international legal obligation to do so, and reserve the right, if such action is not forthcoming, "to take all further steps in order to safeguard their rights and obtain a complete moral and material satisfaction". Mr. Katz-Suchy, of Poland, during the debate yesterday in the General Assembly on "international cooperation" reiterated the Polish charges.

3. The history of this matter, and a concise statement of the Canadian position to date, was given by Mr. St. Laurent, then Secretary of State for External Affairs, in the House of Commons on March 4, 1948. The extract from Hansard is annexed.†

4. The present position is that a portion of the treasure, consisting of 23 trunks and 1 box, has been received into the custody of the Government of Quebec and is being held at the Provincial Museum in Quebec City. They had been handed over to Mr. Duplessis by the Sisters of the Hôtel Dieu at the instance and request of the depositor, Mr. Babinski (one of the "former" Poles). According to a statement sworn by the Sisters, Mr. Duplessis accepted the treasures on condition that these articles would not be delivered up except with the consent of Babinski or in compliance with the order of a competent court.

5. A few boxes of the treasures, which had not been removed from the Experimental Farm, were taken to Poland by Dr. Bielski, former Polish Chargé d'affaires, on his return to that country in September last. Two boxes remain on deposit at the Bank of Montreal in Ottawa. Eight of the boxes, removed before May, 1946, from the Experimental Farm remain unaccounted for. The boxes now held by the Government of Quebec are the principal subject of the present Polish complaint.

[6]. There is no legal procedure whereby the Government of Canada could recover from the Government of Quebec the portion of the treasure now held in the Provincial Museum. The Government of Canada has, needless to say, no claim to the treasures in its own right, or on behalf of Poland, which it could assert in courts

¹⁵ Note marginale:/Marginal note:

Mr. Claxton You may find this long—but the situation is complicated. My feeling is that there is no "great urgency"—that we sh[oul]d maintain our former position A H[ecency]

of law. Moreover, the subject matter of the dispute appears to fall under the general heading of "property and civil rights within the province".

[7]. In these circumstances, the Government of Canada could hardly accept the position taken by the Polish Government; namely, that Canada is under an international legal obligation to restore the treasure. Canada has consistently denied, in Notes to the Polish Legation, that it has any legal responsibility in this regard. Although the Canadian authorities agreed in 1940 that the treasures might be stored in the Records Storage Building at the Experimental Farm, it was made perfectly clear that no responsibility would be accepted by the Government of Canada; and, in fact, access to the room in which the treasures were stored was given only to the two Polish representatives who had brought them to Canada, until May, 1946, by which time a large majority of the treasures had disappeared. The Legal Adviser has expressed the view that there is no authority in international law for the proposition that State A is under a "blanket" obligation to *restore* property claimed by State B which may be in the hands of third parties on the national territory of State A. Such a claim might arise if responsibility for the safekeeping of such property has been assumed expressly or impliedly by State A. However, Canada having expressly *disclaimed* any responsibility of the treasure is under no such legal obligation.

[8]. It remains to decide if the Note in reply to the Polish Note should simply reiterate the position thus far taken by Canada; namely, that, while we are sympathetic, we have done all we can, and that the Poles are free to avail themselves of the machinery of the appropriate Canadian courts. (The Department of Justice considers that, while in such a matter the Poles would of course have to procure their own legal advice, a legal remedy would be available to them in the Quebec courts if they can prove their title). A second alternative would appear to be to approach Mr. Duplessis, asking for the return of the treasures. A possible third alternative would be to use our good offices on behalf of the Poles and to forward to Mr. Duplessis a copy of the Polish Note explaining the international implications and inviting his suggestions as to what might be done to afford the Poles an opportunity of asserting their claim.

[9]. The following observations suggest that the Government should stand by its present position and *not* intervene further with Quebec.

(a) it seems probable that Mr. Duplessis would maintain the position that the courts must decide this matter and that, moreover, he would advertise an approach by the Government as a pro-Communist and anti-Church move;

(b) the Government's position would remain consistent;

(c) the Poles *might* seek to avail themselves of the courts (though they have had legal advice from Quebec lawyers and have been thus far unwilling to go to the courts).

[10]. The following observations suggest that an approach to the Government of Quebec would be useful.

(a) it would "quieten" the Poles for a period. They would almost certainly await the results of our enquiries before proceeding to take positive action, though their propaganda may be expected to continue.

(b) under the comity of nations, there is at least a moral obligation on Canada to do what is possible to assist the Poles to recover the treasures. It might indeed be difficult to explain, on any formal basis, why we refused to approach Quebec.

[11]. On balance, it is suggested that the Government might delay in replying to the Polish Note until the Polish insistence on a reply becomes irresistible, and that the reply might simply restate our present position.

[12]. You may wish to discuss this with your Cabinet colleagues. Should you wish an expansion or clarification of any of the points raised, I will arrange for the necessary supplementary memoranda to be sent forward.¹⁶

A. H[EEENEY]

1012.

L.S.L./Vol. 89

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], September 16, 1949

POLISH ART COLLECTION IN CANADA

The latest Polish note on the subject of the Polish Art Collection in Canada† was presented to the Department of External Affairs on April 20, 1949. An interim acknowledgement of this note was sent to the Polish Legation on April 23,† but no substantive reply has as yet been made.

2. The Polish Minister called on the Department of External Affairs on August 23, 1949, when he pressed for an early reply to his note of April 20. He was assured that a reply would be sent to him at the earliest possible opportunity.

3. A reply is now being prepared for my consideration. It will maintain the position that the Canadian Government has no responsibility for the Art Collection in any way, but will endeavour to reply to the juridical points raised in the Polish note. It is not expected, of course, that this will satisfy the Polish authorities, but it would be advisable to have the reply reach them, if possible, before the opening of the forthcoming session of the General Assembly of the United Nations where they may make efforts to precipitate a debate on this question.

4. Meanwhile, as you know, the whole issue continues to be an unpleasant and embarrassing bone of contention between this country and Poland where every opportunity is seized to vilify and misrepresent Canada as negligent about its international obligations. I, therefore, suggest that consideration might be given to taking up the matter of the major portion of the collection, now held by the Province of Quebec, with Mr. Duplessis, and I attach a draft letter to him† for your consideration. You will note that while the main purpose of the letter is to invite Mr.

¹⁶ Note marginale/Marginal note:

Should we not simply draw this to attention of Quebec and tell the Poles that? As Mr Pearson will be back Monday keep for him B[rooke] C[laxton]

Duplessis to give his views on what might be done to settle the dispute and dispose of the collection, it is also suggested that the whole matter might first of all be talked over on an official and confidential level so that we might explore the possibility of reaching a satisfactory conclusion.

5. If you are disposed to approve of this step, you may consider it preferable to omit the reference in the penultimate paragraph to the preservation of the collection and leave these points to be taken up in the preliminary conversations if these take place. The items in Quebec, however, have been stored there for nearly 18 months and unless they have been given proper attention may well be deteriorating.

6. I also attach for your consideration a summary of the record of the Polish Art Collection in Canada.†

L.B. PEARSON

1013.

DEA/837-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation permanente aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegation to United Nations*

TELEGRAM 6

Ottawa, September 21, 1949

CONFIDENTIAL

My telegram No. 5 of September 21, Polish Art Collection in Canada.† Herewith the text of our note of September 20 to the Polish Legation. Begins: Excellency,

I have the honour to convey to you the views of the Canadian Government on the questions raised in your notes of April 20, 1949† and June 27, 1949† concerning the art collection brought to Canada from Poland in July 1940.

2. When the Polish art collection was brought to Canada in 1940, the Government of Canada, in response to a request from the Polish authorities, consented to make available to the Government of Poland facilities for the storage of this collection. In his letter of August 1, 1940, to Dr. Gustave Lanctôt, Dominion Archivist, Mr. Victor Podoski, then Consul-General for Poland in Canada, stated:

"It is understood that the articles in question will in no way involve the responsibility of the Canadian Government, since they have not been placed in its hands.

"On the contrary, it is the undersigned who, as the representative of the Polish Government, accepts full responsibility for the space which was placed at his entire disposal for the period during which the articles will be stored.

"I hope that this arrangement, which leaves a free hand to both parties concerned, will be agreeable to your Government..."

In his reply dated August 2, 1940, Dr. Lanctôt placed special emphasis on the responsibility assumed by the Polish Consul-General on behalf of his Government and stated:

"I take note of your declaration to the effect that the Polish Government assumes full responsibility for the period during which these articles will be in safekeeping. The Canadian Government agrees to this arrangement...."

3. This exchange of letters between the Polish Consul-General, who stated that he was acting "as the representative of the Polish Government", and the Dominion Archivist, constituted an intergovernmental arrangement which cannot be unilaterally repudiated.

4. The Government of Canada has at all times considered the terms of the above arrangement as governing its responsibility and liability in the matter of the Polish art collection. Any connection of the Canadian Government with the art collection was exclusively limited to making available, as a matter of courtesy, certain facilities, such as storage accommodation, to the Government of Poland. The Polish Government, on its part, insisted from the outset that the custody and control of the collection would at all times remain the responsibility of the Polish officials representing it in Canada. This responsibility was not at any subsequent stage denied by the Polish authorities, nor assumed by the Government of Canada. At no time, moreover, did the Polish Government suggest that the original arrangements should be altered, and at no time did it see fit to entrust the custody or control of these articles to the Canadian Government, which was neither given access to the collection nor provided with an itemized inventory at the time of the original deposit.

5. A comprehensive statement by Dr. Stanislaw Swierz-Zaleski, one of the original custodians of the collection, was submitted under cover of a Note from your Legation on November 20, 1946. According to this statement portions of the collection were removed from storage in the space provided by the Canadian Government, between March 2 and May 27, 1945, upon instructions of the representative of the former Polish Government. This was the Government which was recognized by Canada at that time. (The present Polish Government was, as you know, given unconditional recognition by Canada on July 6, 1945.) These items were removed, therefore, without the knowledge of or reference to the Government of Canada by representatives of the Polish Government who were acting in accordance with the arrangement reached between the two Governments.

6. In the light of these circumstances the Canadian Government cannot regard the juridical contentions set forth in your Note as applicable to this case. Under the terms of the arrangement agreed to in 1940 the Government of Canada did not assume, and was not considered by the Polish Government to have assumed, any responsibility for the custody, control or safekeeping of the art collection, and such responsibility cannot now be attributed to it.

7. At the same time the Government of Canada would remind the Polish authorities once again that they are at perfect liberty to institute legal proceedings in the courts of Canada for the purpose of effecting the recovery of the property in question. In the event that the Polish authorities should institute such proceedings I wish to assure you again that they may rely on the sympathetic attitude of the Canadian Government in respect of the restoration to Poland of any property which may belong to the Polish State.

8. Accept, Excellency, the renewed assurances of my highest consideration.

(Signed) L.B. Pearson

Secretary of State for External Affairs [Ends.]

1014.

DEA/837-40

*Note de l'assistant spécial au premier ministre
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Assistant to the Prime Minister
to Secretary of State for External Affairs*

SECRET

Ottawa, September 22, 1949

RE: POLISH ART COLLECTION IN CANADA

The Prime Minister has given consideration to your memorandum of September 16, and has asked me to let you know that his first reaction to the suggestion is that, before reaching any conclusion, we should have a careful memorandum from the appropriate officers in the Department, setting out their opinion as to the exact legal position in international law, to enable us to reach a conclusion as to whether there are any unfulfilled legal or moral obligations upon the Canadian Government; and also an opinion as to the political advantages, if any, which would accrue to Canada from taking any additional steps in this matter beyond reiterating the position that the Canadian courts are open to the Polish authorities who are free to institute their own proceedings for recovery at any time.

Mr. St. Laurent feels that, without such memoranda, it is difficult to reach a conclusion as to whether or not it would be advisable to take the risk of stirring up a political row in Canada.

He is also inclined to feel that, if the matter is to be raised, it would be preferable for the Secretary of State for External Affairs to raise it direct so as to minimize the risk of reviving what was at one time a personal controversy between the Premier of Quebec and the Prime Minister.

The Prime Minister would, however, like to be kept informed of all developments in this matter.

J.W. PICKERSGILL

1015.

DEA/837-40

Le consul à Boston
au sous-secrétaire d'État aux Affaires extérieures
Consul in Boston
to Under-Secretary of State for External Affairs

SECRET

Ottawa, Boston, October 17, 1949

Dear Mr. Heeney:

I am indeed sorry that I was not able to report before now on the results of my "mission" to the Honourable Duplessis. I came back from leave only a few days ago and you certainly know through experience what this entails. As you are aware, Mr. Pearson paid us a visit in Boston on October 11 and 12 and, while he was here, I reported verbally to him.

The Premier of Quebec granted me an interview on Thursday, October 6 around 6.30 p.m., and I had a conversation of approximately 45 minutes with him. Although it was quite late, and notwithstanding the fact that several visitors had called on him during that afternoon, he was in good spirits and received me very cordially. After exchanging views on various subjects, I raised the question of the Polish treasures. As expected, Mr. Duplessis was not prepared to discuss the matter, but he listened attentively to my exposé. I explained to him that I had always been interested in Poland, in fact I visited that country several years ago, and one of his ministers, Dr. Marc Trudel, had intended to accompany me. Hence, the question of the Polish treasures was of great personal interest to me. I expressed the view that, as the whole affair was very annoying for obvious reasons, and might do more harm than expected, it might be possible to find a solution satisfactory to all concerned. Mr. Duplessis replied that, as he did not recognize the present Polish Government ("Je ne veux rien avoir à faire avec ces Communistes"), he saw no reason why he should "rendre compte" to the Polish State. Moreover, he had made his position clear in a recent public statement. The Court should decide as to the "bien-fondé" of the Polish Government's claim on these treasures. He added that, being faced with the question of deciding who is the real owner of these treasures, he is, personally, more inclined to accept the word of the Church than that of the Polish State. He added that, in doing so, he had in mind the future, and was not only concerned with the present situation in Poland. I then said that, in a way, the Canadian people as a whole were suffering from bad publicity as a consequence of statements published in the press in Poland and declarations made by the Polish delegates at Lake Success. Mr. Duplessis replied that he did not attach great importance to such propaganda and that he was aware that the Soviet embassies were already publishing, in their bulletins, derogatory articles on the policies of the Premier of Quebec. He seemed quite pleased that even Stalin attached some importance to the political activities of the Premier of Quebec. In view of the attitude taken by Mr. Duplessis, I did not think it would serve a useful purpose to continue the conversation on that subject.

I then told Mr. Duplessis that several people in Canada were concerned about the present condition of the Polish treasures because they require great care, and I enquired whether he would not be prepared to authorize an expert to investigate the matter and make a public report. Such a report would no doubt help to dissipate the bad publicity against Canadians. Mr. Duplessis stated that he could not accept such a suggestion because it would mean that he recognized some responsibility for damage which these treasures might suffer. He claimed that when he took the decision to have these treasures stored in the Museum of the Province of Quebec, he did so only to help the Nuns who had been given custody of these treasures by Polish officials. He said, for my personal information only, that experts acting on behalf of persons who are interested in the safekeeping of these treasures were taking adequate measures for their conservation. He added that he did not wish to be quoted on this. I gather from my conversation that the "persons interested" are former Polish diplomats.

To summarize, I am inclined to think that my visit to Mr. Duplessis was not useless. It established a contact which might prove useful in future, and it brought light on one important point: the conservation of the Polish treasures, even if the Department cannot use this information for a public statement. I do not think that it would be advisable to pursue the question, at the moment, of the ownership of the Polish treasures, with Mr. Duplessis, although I am convinced that further conversations might serve a useful purpose at a later date. No doubt, Mr. Duplessis is very much annoyed at the present policy of the Federal Government, with respect to the Amendments to the Constitution, and I would not be surprised that, if he could obtain some satisfaction, he would be prepared to modify his attitude on the question of Federal-Provincial relations, and then the time would be ripe to discuss the release of the Polish treasures. I have also good reason to believe that the question of responsibility for the care of the Polish treasures was never carefully studied by Mr. Duplessis and, after consultation with his legal advisers, he might be forced to admit that, in accordance with the Province of Quebec Civil Code, he has contracted a legal responsibility, being to a certain extent an administrator. If I hear anything on that development, I shall write you again.

Yours sincerely,

PAUL A. BEAULIEU

1016.

L.S.L./Vol. 89

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], December 15, 1949

POLISH ART COLLECTION—CANADA

As requested by Mr. Pickersgill in his memorandum of September 22nd, I attach for your consideration a memorandum on Canada's position in international law with regard to the Polish art treasures.†

2. This opinion was written after an exhaustive review of the recognized authorities on international law and decisions of tribunals both national and international, none of which could be said to constitute a precedent for the extraordinary and quite unusual facts attending the bringing of the collection into Canada and its subsequent deposit in private and public hands.

3. The substance of our Legal Adviser's¹⁷ opinion is that at the present time:

(a) There is no unfulfilled obligation in international law resting upon the Canadian Government with respect to that portion of the collection which has *not* been impounded by the Premier of Quebec. It, therefore, follows that the Canadian Government has no obligation to recover and return to the Polish State this part of the collection;

(b) Canada has assumed an obligation in international law and is responsible to Poland with respect to that part of the collection which has been impounded in the Quebec Provincial Museum by the Premier of that province.

4. I also attach a shorter memorandum on the political considerations affecting the return of this collection.

L.B. P[EARSON]

1017.

L.S.L./Vol. 89

*Note du sous-secrétaire d'État aux Affaires extérieures
Memorandum by Under-Secretary of State for External Affairs*

SECRET

[Ottawa], December 15, 1949

POLISH ART COLLECTION—POLITICAL CONSIDERATIONS

The failure of the Polish Government to obtain possession of the Art collection brought to this country in 1940 has led to many diplomatic exchanges between Canada and Poland. In addition, the Government of Poland, through the Polish press and by statements at various international conferences, have used this as a steady basis for violent propaganda against Canada. Their latest attempt to discredit

¹⁷ K.J. Burbridge, conseiller juridique par intérim/Acting Legal Adviser.

Canada at the Fourth Session of the United Nations General Assembly was answered by the Secretary of State for External Affairs in a letter of November 14th† to the other Heads of Delegations to the United Nations, wherein he again denied that Canada had assumed any responsibility for the safekeeping of this collection. The Chairman of the Polish Delegation, on December 1st, replied in a letter† also circulated to other delegations to the United Nations, denying that the previous Canadian letter had satisfactorily answered the Polish charges, and stating that the proposal to resort to Canadian courts was "an actual refusal to solve the matter on the only possible basis of relations between the two Governments concerned".

2. The Poles continue to profess to misunderstand our juridical system and to accuse Canada of not fulfilling its international obligations to Poland. They say that if a similar collection had been stored by another country, France for instance, it would have been returned long ago.

3. The Canadian Charge d'Affaires a.i. in Warsaw has stated "I am led to believe that friendly diplomatic relations (between Canada and Poland) almost stand on a satisfactory outcome of this problem which, if not of fundamental importance, is a natural psychological obsession here".

4. There is a danger of controversy arising over the preservation of this collection. The Poles assert that it has not been given proper care. In a letter of October 17th to the Under-Secretary of State for External Affairs, Mr. Paul Beaulieu, Canadian Consul in Boston, reported an informal interview with Mr. Duplessis who said, inter alia, that experts acting on behalf of persons interested in the safe-keeping of the treasures were taking adequate care of them. This provides us with some assurance as to the care of the objects but it may involve other difficulties. Presumably the "interested persons" are the former Polish representatives. If this information reaches the present Polish Government we may be accused of giving tacit support to the former Polish officials and to the Premier of Quebec.

5. I realize that the matter involves serious difficulties from the point of view of public opinion here. But if some means could be found of bringing about the restoration of this collection to Poland, there is no doubt that a point of mischievous friction between our country and Poland would be removed.

A.D.P. H[EEENEY]

8^e PARTIE/PART 8
 UNION SOVIÉTIQUE
 SOVIET UNION

SECTION A

ÉCHANGE D'INFORMATION
 EXCHANGE OF INFORMATION

1018.

DEA/50185-40

*Le secrétaire d'État aux Affaires extérieures
 au chargé d'affaires par intérim en Union soviétique*

*Secretary of State for External Affairs
 to Chargé d'Affaires ad interim in Union of Soviet Socialist Republics*

DESPATCH 88

Ottawa, March 1, 1949

SECRET

FOR IMMEDIATE DESTRUCTION

Sir,

I refer to my despatches No. 851 of October 29¹⁸ and 911 of December 18[†] and to your despatches No. 485 of November 26,¹⁹ 593 of December 16,[†] and 16 of January 7[†] concerning the exchange of information with the Soviet Union.

2. In replying to my circular note of December 16 (a copy of which was attached to my despatch No. 911), a number of government departments asked whether the procedure which we suggested regarding the withholding of Canadian material until the Soviet authorities reciprocate, should also apply to requests for publicly available governmental material. We re-examined the problem in the light of that difficulty and suggested to government departments in notes dated February 26[†] that the following policy might be adopted.

3. All documents destined for the Soviet Embassy in Ottawa, for Soviet government departments, or for Soviet non-governmental organizations would be channelled through the Department of External Affairs, since it is desirable that we should keep under observation the various request which the Soviet authorities might make for government material so as to learn their interests and to keep track of the amount and type of material which they are receiving.

4. Documents which are not actually on any list of publicly available material (even though their subject-matter may be publicly available in other documents) would be withheld, pending reciprocation by the Soviet authorities.

¹⁸ Voir/Sec: Volume 14, Document 1092.

¹⁹ Voir/Sec: Volume 14, Document 1094.

5. Documents which are publicly available would be transmitted by this Department to the Soviet authorities without any conditions being imposed, but would be accompanied by a request, whenever possible, for something in return. Thus, without "bargaining", we would at least make it clear to the Soviet authorities that we expected similar treatment.

6. This plan would not be effective if satellites of the Soviet Union were excluded. We suggested, therefore, that requests for material from Poland, Czechoslovakia, Yugoslavia, and any other Communist states should be treated in the same way as requests from the U.S.S.R.

7. In line with this policy, we sent most government departments, under cover of a note, dated February 28, the list of Soviet periodicals which you forwarded to us with your despatch No. 593 of December 16, and requested the departments to inform us if there were any periodicals which they would like the Embassy to try to obtain.

8. I attach for your information a copy of my letters of February 26[†] and 28[†] to the President of the National Research Council, together with a copy of his letter of December 29 replying to our letter of December 16.²⁰ The notes to other government departments are, generally, on similar lines. Since it was agreed that the Department of National Defence would continue to deal directly with the Soviet Service Attachés (see our despatch No. 2 of January 5)[†], we notified that department of our revised policy for their information only. You will remember that we had decided (see paragraph 7 of our despatch No. 851) that the supply of "cultural" material (films, art exhibits, etc.) would be discontinued. We have left this policy open to amendment so far as cultural *publications* are concerned in view of our general policy of continuing to exchange information if we can ensure reciprocity. I do not think that we will at any time be able to organize satisfactorily an exchange of films or exhibits. Our policy in that field, therefore, will remain unchanged. I attach for your information a copy of our note of February 9 to the National Film Board.[†] I have also informed the Departments of Mines and Resources, Agriculture, Fisheries, and the National Research Council that the Soviet publications listed in your despatch No. 16 have been bought on their behalf and that the remaining publications ordered (listed in your despatch No. 593) have not yet been accepted. As usual, the expenses for these publications should be quoted in your account to 313-294 and shown as a charge against the department concerned.

9. We also requested the government departments concerned to give us a list of the publications which they are sending regularly to governmental or non-governmental organizations of the Soviet Union and its satellites. The list for the Soviet Union will be sent to you as soon as all replies have been received.

10. The Dominion Bureau of Statistics had sent us previously a list of the publications which were being transmitted to various Soviet agencies. I attach a copy of this list.[†] The Dominion Bureau of Statistics has been requested to transmit these

²⁰ Voir/See: Volume 14, Document 1095.

publications through the Department of External Affairs in accordance with our note of February 26.

11. I also attach a list of the Soviet organizations† which are on the mailing list for the Canadian Geographical Journal. We do not intend to suggest to the Canadian Geographical Society that we should assist in the transmission of their journal but we will propose that they might wish to ask the Soviet agencies for some similar material in return in accordance with the policy dealt with in paragraph 9 of our despatch No. 851.

12. In your despatch No. 485 you raise a number of questions. The Information Division has noted your request (paragraph 5) for more contributions for the *Britanski Soyuznik*. The question in your paragraph 6 has been dealt with in our despatch No. 69 of February 11.† Sections (i), (ii) and (iii) of paragraph 8 are being dealt with in separate despatches.† No action should be taken with regard to the Canadian Weekly Bulletin (Section (iv) until the Soviet Government answers your note. With reference to Section (v), I refer you to circular document B.111 of June 18, 1948,† in which the allotment for books for the Embassy in Moscow is set at \$200. Any purchases which you may make for the Embassy will be recovered, I trust, by this authorization. Any purchases made at the request of other government departments should be charged to suspense as mentioned in paragraph 8 above. For the present, at any rate, no publication should be bought for other government departments without their prior consent, with the exception of material for the Department of Mines and Resources (Mr. Matthews' letter of December 30th, 1948, refers).†

13. The subscriptions for Soviet periodicals which you have placed for the Embassy are approved.

14. I should be grateful for your comments on the policy dealt with in this despatch.

I have, etc.,

T.W.L. MACDERMOT
for the Secretary of State
for External Affairs

1019.

DEA/50185-40

*Note de la direction de l'Europe
pour le sous-secrétaire d'État adjoint aux Affaires extérieures et autres*

*Memorandum from European Division
to Deputy Under-Secretary of State for External Affairs and Others*

SECRET

[Ottawa], May 19, 1949

At a meeting held on April 7 to review the possibility of achieving reciprocity of publicity privileges between the Soviet Union and its satellites and Canada by circulating a Canadian Information Bulletin in the Communist States of Eastern Europe or by banning the use of the mails in Canada to publications of these States, it was decided to recommend that:

(a) it would not be administratively possible at the present time to circulate a Bulletin prepared especially for Eastern Europe and in the languages of the various East European States;

(b) it would not be desirable to ban foreign Communist publications from Canada at the present time;

(c) instead of circulating a Canadian foreign language bulletin, we should examine with the C.B.C. the possibility of starting broadcasts, possibly to the Ukraine or Yugoslavia to begin with.

2. It has been suggested that since we cannot prepare special bulletins for Eastern Europe in the appropriate foreign languages, we might circulate to individuals in the Communist States copies of our Departmental Monthly Bulletin in either English or French. Before this Division asks our Missions to comment on this proposal, it would seem desirable for the interested Divisions to come to some agreement on the course of action which the Department might follow. The following are some of the problems involved.

3. Is our aim to give publicity to the Canadian viewpoint on international affairs or is it to precipitate objections from the Communist governments to a Canadian bulletin and then ban their publications in Canada? If permission to circulate the Monthly Bulletin is refused, will we alter the position decided upon in paragraph 1 (b) above and ban the Communist publications here? If we are not prepared to do this and permission to circulate is not granted, we shall be in an embarrassing position with those Canadians who have urged us to ban foreign Communist publications.

4. If our aim is to do publicity work in Eastern Europe and permission to circulate the Monthly Bulletin is granted, the following factors arise.

(1) How many people in Eastern Europe will be able to read the Bulletin in English or French? Will it reach those groups who will be receptive to it or will it only be read by the Communist hierarchy?

(2) Will the Bulletin be circulated without hindrance or censorship? According to information from our Missions in Eastern Europe, a Canadian Bulletin will have to be submitted for censorship in the U.S.S.R., Czechoslovakia and Poland and possibly also in Yugoslavia. Will we be prepared to submit if the Soviets censor, say, the following phrase from the Prime Minister's speech on the North Atlantic Treaty (Monthly Bulletin, April, 1949, Page 10): "This fateful march of events has made it unmistakably clear that the Soviet Union was a threat to peace and security..."? Obviously, we shall not be able to reprint the whole Monthly Bulletin because a sentence or phrase is censored. Will we then be prepared to see only certain issues of the Bulletin put on the market and others confiscated?

(3) Will the Bulletin be delivered to the recipients in time for the Bulletin to retain news value? The cost of sending the Bulletins by air would be prohibitive. The Bulletins containing, say, the May news (the June issue) are printed by approximately June 20. The copies are sent out to Missions by the first week of July. If sent by sea, they will arrive in Eastern Europe by the middle half of August. The May news will, therefore, reach the subscribers by or shortly before September 1.

(4) Is the subject matter of the Monthly Bulletins suitable in all cases for distribution in Eastern Europe? The Monthly Bulletins are not prepared with "psychological warfare" in mind. A Bulletin which will be read in Communist States must be prepared with a view to influencing the average man who is subject to Communist propaganda and it must contain nothing which may be used by the Communist governments in their own propaganda war. How, for example, will the common Soviet citizen interpret the following sentence (Monthly Bulletin, November, 1948, Page 5): "On June 19, in the House of Commons, Mr. St. Laurent said that the attitude of the Canadian Government on this matter (the North Atlantic Treaty) might justly be described as a 'crusade' "? Will he picture it, with the aid of Soviet propaganda, as an encirclement of the Soviet Union and as preparation for a crusade against it, or as a defensive alliance against the possibility of Soviet aggression? The same words may mean different things to minds conditioned by a different ideological climate. Furthermore, what action will we take if the following passage (April issue) is taken from its context and used against us: " 'We are prepared to work with all our might for the ostensible motives of the Pact', Mr. Low²¹ said, 'and we pray God that the ostensible motives are the real ones, but we are not prepared to work for any hidden designs of international plotters who may be concealed behind a smoke screen...' "? Will we be able to reply in the next issue of the Bulletin and will we be able to keep it up indefinitely? Will the Bulletin then be suitable for circulation in other countries?

5. The Department alone can decide what attitude to adopt towards all the above factors except item (1) paragraph 4 above on which the Missions may be able to express some views. If you agree, therefore, a meeting might be held to discuss this problem before the proposal is submitted to our Missions.

H.F. FEAVER

1020.

DEA/50185-40

*Le sous-secrétaire d'État aux Affaires extérieures
au président du groupe de sécurité*

*Under-Secretary of State for External Affairs
to Chairman of Security Panel*

CONFIDENTIAL

Ottawa, June 1, 1949

Dear Mr. [N.A.] Robertson,

During the past year we have been concerned by the volume of official information which is going from Canada to countries dominated by the U.S.S.R. and to the Soviet Union itself.

There are, it seems to me, two aspects to this problem:

(a) The possible dangers from the point of view of security, and

²¹ Solon Low, M.P., chef du parti Crédit social/leader of the Social Credit Party.

(b) The fact that no attempt is being made to withhold information that we could give as a quid pro quo in exchange for information from the Soviet Union and her satellites.

In a series of circular documents to all Deputy Ministers, copies of which are attached,† my predecessors have requested other departments to send all exchanges of information with the Soviet Union and satellite countries through External Affairs. By acting as a post office, we hope to be able to form a more comprehensive estimate of the volume and nature of official information being sent to Communist countries and to be able, so to speak, to keep a box score on exchanges in both directions. This summary will undoubtedly show clearly that in some cases, our exchanges with these countries are very one-sided. Our next step would be to try to place these exchanges on a basis that would be more nearly reciprocal by making specific requests to Communist countries on behalf of Canadian departments and withholding until our requests were satisfied information which was not publicly available.

While I think our Department can cope with the problem of making exchanges more reciprocal, I question our competence in dealing with the security aspects of all these exchanges. I realize that the Soviet Embassy and other satellite missions are free to send whatever material they choose by means of the diplomatic bag, and I also appreciate the very limited control which can be exercised over publicly available official documents in a country where we do not censor the mails, but I do believe that it would be worth while giving more attention than the Department have been able to give to this problem. As you know, different departments have different interests and, to some extent, a different approach to problems of security. Thus, what might seem harmless enough to one department might, to another department, appear undesirable to send to the Soviet Union or its satellites.

I do not think that External Affairs should be placed in the position, as we are at present, of frequently being asked for advice on the desirability from a security point of view, of sending certain information to Communist countries. I am, therefore, wondering if we should not refer requests of this nature to the Secretary of the Security Panel whenever we are in any doubt. The Secretary of the Security Panel could then consult those members of the Panel who might be particularly interested, or, if the importance of the request warranted it, you could bring it before a meeting of the Panel. If this procedure were adopted, External Affairs would not find itself in the position of trying to express an opinion on the desirability of supplying large-scale maps to Poland or a new type of seed to Roumania—subjects on which, I think you will agree, we are hardly qualified to pass judgment.

I also believe that we should periodically bring to the attention of the Security Panel a compilation of material going forward from Government departments to Communist countries, and information received in return, so that all members of the Security Panel will be in a position to appreciate the extent of our current exchanges, and be able to question the desirability of continuing any particular category that may appear to be dangerous.

I should be grateful for your comments on these very tentative suggestions which, I realize, would place an additional burden on the Security Panel, although the greater part of the work would continue to be done by External Affairs.

Yours sincerely,

A.D.P. HEENEY

1021.

DEA/50185-40

*Président du groupe de sécurité
au sous-secrétaire d'Etat aux Affaires extérieures*

*Chairman of Security Panel
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], June 17, 1949

Dear Mr. Heeney:

I have your letter of June 1st in which you have made certain suggestions for the more efficient control of information going via official channels from Canada to the U.S.S.R. and satellite countries. As this matter is of immediate interest to the Security Panel, I am glad to have this opportunity of discussing with you some of the more important aspects of the administrative problem.

I agree that any exchange of official information with the U.S.S.R. and satellite countries involves possible dangers from the point of view of security, and I certainly agree that every effort should be made to ensure that certain classes of information are only exchanged with these countries on a quid pro quo basis. This is indeed good policy.

The present practice whereby other departments route exchanges of information with the U.S.S.R. and satellite countries through External Affairs should make it possible for you to assess the volume and nature of such exchanges with reasonable accuracy, and certainly all departments should be encouraged to adhere to this practice. I feel also that it might be wise to authorise External Affairs to withhold information in certain cases, in the manner you suggest, in an endeavour to achieve a greater measure of reciprocity in exchanges of this kind.

Regarding the security aspect of the problem, the Security Panel might well act as an advisory body. This might involve some liaison arrangements between the Secretary of the Panel and the appropriate officials of External Affairs and other interested departments, and while requests of a more or less routine nature might be handled administratively with a minimum of delay, all cases considered to be of major importance might be brought before a meeting of the Panel.

If a compilation of material despatched to and received from the U.S.S.R. and satellite countries were supplied to the Security Panel at regular intervals, say monthly or quarterly as you suggest, it would be possible to keep all members informed as to the extent of such exchanges and also to determine the desirability of continuing to pass any particular category of information.

I foresee no great difficulty in implementing the proposed procedure insofar as the Security Panel is concerned, but as the question concerns other departments and as some procedural questions are apt to arise, I think it might be well to place this on the agenda for discussion at the next meeting of the Panel. As you will undoubtedly wish to be present when this matter is discussed, the Secretary will arrange the time and date to suit your convenience.

Yours sincerely,
N.A. ROBERTSON

1022.

DEA/50207-A-40

Extrait du procès-verbal de la réunion du groupe de sécurité

Extract from Minutes of Meeting of Security Panel

SECRET

[Ottawa], July 27, 1949

...

EXCHANGE OF INFORMATION WITH FOREIGN COUNTRIES; U.S.S.S. AND SATELLITES

1. *Mr. Gill*²² referred to a letter received from the Under-Secretary of State for External Affairs stating that it was now desirable to consider an arrangement whereby the exchange of official information with the U.S.S.R. and satellite countries might result in a greater degree of reciprocity, and also to consider the necessity for more careful vetting of certain categories of information passed through official channels.

An explanatory note had been circulated.

(Panel document SP 44, dated July 25, 1949).†

2. *Mr. Crean* observed that at the present time the exchange of information with the U.S.S.R. and her satellites indicated that these countries were receiving a very one-sided proportion of the total exchange, and informed the Panel that much of the material involved was being sent forward automatically by the departments concerned. In External Affairs' view, a serious effort should now be made to restrict the flow of information that we might give as a quid pro quo in exchange for similar information from the Soviet Union and her satellites. Such a measure of control could be exercised by the Department of External Affairs, but it seemed desirable that his Department should not be placed in the position of judging the security value of specific items.

3. *Colonel Anderson*,²³ in discussing the quid pro quo aspect of the situation, suggested that interested departments be consulted in assessing the reciprocal value of information going forward to satellite countries.

4. *Mr. Heeney* commented on the compilation of items of official information passed to and received from the U.S.S.R. and satellite countries during the month

²² E.W.T. Gill, Bureau du Conseil privé, président par intérim du groupe de sécurité.
E.W.T. Gill, Privy Council Office, Acting Chairman of the Security Panel.

²³ Le colonel/Colonel W.A.B. Anderson, directeur du Renseignement militaire/Director of Military Intelligence.

of June, as prepared by his Department, and observed that this tabulation showed a most adverse balance insofar as Canada was concerned. Canada had sent official publications to ninety-seven addressees in satellite countries during the month of June, while material had been received from only two addressees in the same period.

5. *The Panel* noted that External Affairs was continuing the arrangement whereby official information despatched to the Soviet Union and her satellites by Canadian government departments is channelled through External Affairs, and also that the necessary steps would be taken to regulate this flow of information on a quid pro quo basis. It was also noted that External Affairs had undertaken to furnish the Panel with a monthly compilation of official information despatched to and received from the U.S.S.R. and satellite countries, which might be used as a guide to future action in the matter.

6. *It was agreed*, after discussion, that it would be appropriate for External Affairs to refer any items, the security value of which might be open to question, to the Secretary of the Panel who would then, in consultation with the Chairman, any other interested members, and the departments or agencies concerned, determine whether or not the information in question should be passed to European countries other than on a quid pro quo basis.

SECTION B

GUERRE PSYCHOLOGIQUE PSYCHOLOGICAL WARFARE

1023.

DEA/50182-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], January 4, 1949

PUBLICATION OF MATERIAL REGARDING CONDITIONS IN COMMUNIST-DOMINATED COUNTRIES

It was decided in October that the Department should make available to the daily and periodical press, and to interested individuals, information regarding conditions in the U.S.S.R. and other communist-dominated countries. No decision was taken as to the means whereby such information might be made available to the press.

2. There is already in the Department a certain amount of material that can be utilized directly. This includes some articles and reference papers that have already been written; some despatches from our missions abroad that can be easily adapted to a form in which they can be utilized; articles that have been and are being prepared by the Research Division of the United Kingdom Foreign Office; usable

translations of articles on Canada that appear in the Soviet press which the Embassy in Moscow has been requested to send to us; a Digest of Soviet news prepared in the United Kingdom Foreign Office, which might be distributed in its present form or easily adapted; and a Digest of the Soviet Press publication of which is to be begun, very soon, by the American Council of Learned Societies. Mr. [E.B.] Rogers is collecting and adapting material that might be utilized.

3. The Information Division has received a number of enquiries, apparently independent of one another, for information on the Soviet press and on conditions behind the "iron curtain", from members of the Press Gallery. The people concerned have been told of various sources, e.g., the British and American monitors' reports, the Tass hand-outs, certain English-language Soviet publications such as *New Times*, and the forthcoming *Digest of the Soviet Press* which is to be published by the American Council of Learned Societies.

4. Although the enquiries that have been received indicate that the press would be willing to accept some kinds of material, especially translations of articles on Canada that have been published in the Soviet press, the problem of obtaining publication of other material remains unsolved. There is a strong possibility that journalists might resent and resist any attempt by the Department to use them for the "planting" of propaganda articles in the press. It is therefore suggested that the whole problem be discussed frankly at a convenient time in the near future with a group of trusted journalists such as Gil Purcell, Grant Dexter, George Ferguson, Blair Fraser, Norman Smith, and others.

5. We could let them know the kind of material which we get on the Soviet Union, much of which, for censorship or for other reasons, is not available to the press in Canada. We could say that we feel that in times like this it is very important that the Canadian people be given as much reliable information as possible about what is actually going on in the Soviet Union. While some of the material which we receive could be used in speeches by Cabinet Ministers and in articles appearing in the Monthly Bulletin of the Department, much of it is not susceptible to this kind of treatment. We could then ask the newspapermen for advice on how they think the problem could best be dealt with.

6. Before the meeting takes place we will have available samples of various kinds of material which we have in our possession.

7. This is a matter not only of some importance but also of some delicacy and if you could possibly spare an evening for an informal discussion with the group of newspapermen I think it would be most useful.²⁴ Mr. Rae, Mr. Rogers, Mr. [B.A.] Wallis and Mr. Holmes might also be asked to come.

E[SCOTT] R[EID]

²⁴ Note marginale:/Marginal note:

I think that such a meeting would be useful but that you should arrange it & I will come if possible LB P[earson]

1024.

DEA/50182-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], March 10, 1949

RE: PUBLICATION IN CANADA OF INFORMATION REGARDING CONDITIONS IN THE
U.S.S.R. AND SATELLITE COUNTRIES

Mr. Rogers recently discussed the question of the publication of information regarding the U.S.S.R. and satellite countries with Mr. Arthur Ford, of the *London Free Press*. Mr. Ford promised to raise the matter at a meeting of the executive of the Directors of the Canadian Press which was held in Toronto about the middle of February. As a result of Mr. Ford's discussion with his colleagues, the Canadian Press representative in Ottawa, Mr. Clyde Blackburn, has discussed the matter further with Mr. Rogers. The latter showed Mr. Blackburn the kind of material that could be made available, and Mr. Blackburn said that he would be glad to use some of it. He suggested that the material be sent to him in small quantities and that he be left free to use it as he thought fit. He undertook to keep the source of the information secret.

Mr. Blackburn said that he thought that the Canadian Press and the British United Press should be treated on an equal footing. The two agencies between them cover the entire field, and the correspondents of individual newspapers would have no case for objection if their papers were being supplied by one or both of the agencies.

May we discuss the matter with Mr. Norman McLeod of the British United Press and, if the outcome is satisfactory, proceed with the distribution of material to the two agencies?²⁵

The Montreal *Standard* has asked for and received copies of translations of articles on Canada that have appeared in the Soviet press in recent months. The *Standard* understands that no reference should be made to the source of the translations. The translations are in fact supplied by the Embassy in Moscow which has been instructed to forward translations of all significant references to Canada in the Soviet press. J[oint] P[ublications] R[esearch] S[ervice] translations are not compromised for the Embassy uses them only as a guide in preparing its own translations.

We have asked the Clerk of the House of Commons if he would be interested in participating in a subscription to *The Current Digest of the Soviet Press* for the Reading Room of the House of Commons. If he objects to the cost (\$25.00) I think that the Department would be justified in paying for a subscription. If the cost is not prohibitive, I think that we might also arrange to have placed in the House of

²⁵ Note marginale:/Marginal note:
Yes LB P[earson]

Commons' Reading Room the British and American Radio Monitor's Reports of Soviet and satellite broadcasts. Do you agree?²⁶

E[SCOTT] R[EID]

1025.

DEA/50182-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], March 18, 1949

RE: PUBLICATION IN CANADA OF INFORMATION REGARDING CONDITIONS IN THE
U.S.S.R. AND SATELLITE COUNTRIES

In my memorandum of March 10, I told you of the discussions that Mr. Rogers had had with Mr. Arthur Ford, of the London Free Press, and Mr. Clyde Blackburn, of the Canadian Press. You will recall that Mr. Blackburn said that he thought that the Canadian Press and the British United Press should be treated on an equal footing. You authorized us to discuss the matter with Mr. Norman Macleod, of the BUP, and, if the outcome were satisfactory, to proceed with the distribution of material to the two agencies. We have not yet approached Mr. Macleod.

Mr. Blackburn's suggestion that the CP and the BUP be treated on an equal footing has been disavowed by his superiors in the Canadian Press. Mr. Blackburn has told Mr. Rogers that he has been instructed to say that the Canadian Press could not undertake to protect the secrecy of the source of the material if the British United Press were included in the scheme.

In the circumstances, may we start giving material to the Canadian Press on an experimental basis?²⁷

A.D.P. H[EENEY]

²⁶ Note marginale:/Marginal note:

The Minister thinks that the Clerk should be willing to pay the [\$]25.00 & also the costs of the Monitor's reports E[scott] R[eid]

²⁷ Note marginale:/Marginal note:

I'm not willing to give the C.P. special consideration. I think that both news services should be on the same basis, and *each* should be asked to understand the secrecy of the source of the material given to it. Have we any reason to suspect BUP would be less trustworthy than C.P. in this regard? LB P[earson]

1026.

DEA/50182-40

*Note de la direction de l'Information
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Information Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], May 26, 1949

RE: PUBLICATION IN CANADA OF INFORMATION REGARDING CONDITIONS IN THE
U.S.S.R. AND SATELLITE COUNTRIES

You will recall that Mr. Rogers discussed this matter with the Canadian Press. The C.P. agreed to accept the material that you might give them, and to use it as they thought fit, but said that they could not undertake to protect the secrecy of the source of the material if the British United Press were included in the scheme.

Mr. Norman Macleod, Ottawa correspondent of the British United Press, has been approached and has said that he would be glad to receive the material on the understanding that:

- (a) he would not be under any obligation to use it;
- (b) he might use it in any way that he thought fit;
- (c) he would not indicate the source of the information, or allow it to be made known that the Department was making it available to him.

It was made plain to Mr. Macleod that any information given to him would be given to the Canadian Press simultaneously and subject to the same conditions.

Mr. Macleod pointed out that his agency would be very greatly embarrassed if the Department were ever to publicize the fact—for instance, in a Parliamentary Committee—that the British United Press was co-operating with it in the dissemination of information from behind the Iron Curtain.

Can we give Mr. Macleod an undertaking that the Department will never divulge the fact that it has been using the B.U.P. as a propaganda medium?

It is more to our interest to have the co-operation of the Canadian Press than that of the British United Press, since the C.P. has a wider coverage. Mr. Pearson has ruled, however, that we are not to give a monopoly to the Canadian Press. If you approve, we shall tell the Canadian Press that we are unable to give them the material exclusively, but that we shall nevertheless send them the material subject to the understanding that they will not divulge the source. The point made by the C.P. was that they could not be responsible for maintaining the secrecy of the source if the material were made available also to the B.U.P. I think that we should tell them

that we shall give them the stuff simply on the understanding that they will not make known the source. In other words, we shall trust them.²⁸

ALLAN ANDERSON

1027.

DEA/50182-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], June 2, 1949

RE: PUBLICATION IN CANADA OF INFORMATION REGARDING CONDITIONS IN THE
U.S.S.R. AND SATELLITE COUNTRIES

You asked me to let you have further details of the types of information we have in mind to disseminate.

It is proposed to make the following kind of information available to the press:

(1) Translations of articles and news items on Canada appearing in the Soviet and satellite press. For nearly six months we have been receiving translations of everything on Canada appearing in the Soviet Press, and have made it available to the *Montreal Standard*, which asked for it. The *Standard* used some of this material some months ago. It has recently been given a new batch of material which it will doubtless use in the near future.

(2) Memoranda based on reports from our missions. An example is a memorandum on the Soviet Electoral System based on reports from our Embassy in Moscow.²⁹

(3) Memoranda prepared by the Information Research Department of the United Kingdom Foreign Office. These are carefully edited in order to conceal the fact that they were originally produced in the United Kingdom.

(4) Items from *Digest*. *Digest* is issued from time to time by the Information Research Department of the United Kingdom Foreign Office. For the most part it comprises small notes based on significant items gleaned from the press of the U.S.S.R. and satellite countries. We would abstract certain items and edit them if necessary.

(5) Memoranda which could easily be prepared in the Department drawing attention to inconsistencies in communist preaching and practice. It would have

²⁸ Note marginale/Marginal note:

I think this is the only basis which is reasonable—if the material is to be made available at all. I should like to have further details of the type of information in mind and then discuss the matter with you Anderson & Rogers. Perhaps you could let me have some samples & a note on methods that are contemplated May 28 A. H[eeney]

²⁹ Note marginale/Marginal note:

This type of information would clearly require to be very carefully prepared [A.D.P. Heeney]

been possible, for instance, to make a good deal of capital of the Soviet efforts to break the Berlin railway strike.³⁰

All of the types of information listed above could be made available to the Canadian Press, and to the British United Press. In addition, I think, that we should be prepared from time to time to give stories on an exclusive basis to press correspondents who might take the initiative in approaching us.³¹

Samples of the first four kinds of material, listed above, are attached.†

You said that you would like to have a discussion of these matters with Mr. Anderson, Mr. Rogers and me. We are at your disposal in this regard.³²

LÉON MAYRAND

1028.

DEA/50182-40

*Note de la direction de l'Information
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Information Division
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], June 7, 1949

RE: PSYCHOLOGICAL WARFARE

I attach a copy of the revised memorandum on psychological warfare, dated May 25,† which is to be considered by the Government War Book Committee, of which you are a member, on June 13.

The original memorandum on psychological warfare which I prepared was approved by Mr. Reid, then Acting Under-Secretary. The present revised memorandum was prepared after consultation with representatives of the Department of National Defence (Colonel W.A.B. Anderson, D.M.I.), the Canadian Broadcasting Corporation (Mr. Dunton³³ and Mr. Dilworth), and the Privy Council Office (Mr. Gill).

The memorandum sets forth what is essentially a War Book plan, that is, a plan for the conduct of psychological warfare in the event of war. If an organization is established in time of peace to engage in psychological defence, it might take a form similar to that of the proposed wartime organization. Its very existence might require some alteration of the War Book plan, for it would be absurd to scrap a

³⁰ Note marginale:/Marginal note:

This too. [A.D.P. Heeney]

³¹ Note marginale:/Marginal note:

Yes, on request—we w[oul]d have to be careful not to play favorites, or appear to be A. H[eeney]

³² Note marginale:/Marginal note:

Mr. Mayrand: I w[oul]d be glad to discuss this with you & Info. Div'n officers some Friday after Heads of Div[isio]n meeting—p[lease] fix date with Miss Roe A. H[eeney]

³³ A. Davidson Dunton, le président du bureau des gouverneurs, la Société Radio-Canada.

A. Davidson Dunton, Chairman, Board of Governors, Canadian Broadcasting Corporation.

peacetime organization on the outbreak of war, if it were capable of adapting itself to war conditions.

The essentials of the plan are contained in paragraphs 9 to 14, inclusive. The main points are as follows:

(a) The Secretary of State for External Affairs would be the Minister responsible for the conduct of psychological warfare;

(b) There would be, in the Department of External Affairs, a Psychological Warfare Section headed by a senior officer who might be known as the Director of Psychological Warfare;

(c) There would be an Interdepartmental Advisory Committee on Psychological Warfare whose functions would be to advise the Minister on general policy for psychological warfare, and on such other related matters as he might refer to it;

(d) The Minister might on occasion seek the advice of the Chiefs of Staff Committee on questions of military policy, and the latter might on its own initiative make recommendations.

Your attention is drawn to paragraph 12 which lists the members of the proposed Interdepartmental Advisory Committee. You will note that it is suggested that the membership include: the Directors of Intelligence of the three Armed Services, the Director of the Operational Research of the Defence Research Board, and the Director of the Joint Intelligence Bureau. This brings the total membership up to twelve.³⁴ The inclusion of five representatives of the Department of National Defence was at the insistence of the D.M.I., who, as spokesman for his Department, presumably had to protect his own position vis-à-vis his colleagues. You might consider endeavouring to obtain the assent of the War Book Committee to a reduction of the number of National Defence representatives to two, who might be designated by the Chiefs of Staff Committee. In the Psychological Warfare Committee of 1943-47, it was generally found that the Directors of Intelligence of the three Armed Services almost invariably had to seek higher authority for decisions. It would be desirable to have on the Committee one or two high-ranking officers who would be able to speak with a good deal of authority for their Department.

You will note in paragraph 15 that it is proposed to have officers designated by the Chiefs of Staff Committee seconded to External Affairs to work in the Psychological Warfare Section.

Canada House, London, and the Embassy in Washington have established relations with the people who are planning psychological warfare in the U.K. and the U.S. respectively. When our policy is finally approved, consideration might be given to my going to London and Washington to establish closer liaison.

³⁴ Les autres membres furent: le directeur de la guerre psychologique (président); le chef de la direction de l'information (MAE); le chef de la direction de l'Europe (MAE); le président du bureau des gouverneurs, Radio-Canada; le directeur du service international, Radio-Canada; le chef du service de l'information domestique (lorsqu'il sera établi); et un représentant du bureau du Conseil privé. The others were the Director of Psychological Warfare (Chairman); the Head of the Information Division (DEA); the Head of the European Division (DEA); the Chairman of the Board of Governors, CBC; the Director of the International Service, CBC; the Head of the domestic information service (if established); and a representative of the Privy Council Office.

If the Committee should wish to know what is being done now in the psychological warfare field, you might mention:

- (a) the CBC International Service;
 - (b) the actions of our delegates to international conferences in exposing Soviet policies;
 - (c) speeches in Canada by the Prime Minister, Mr. Pearson and others.
- (As you are aware, we are precluded from making the best possible use of the CBC(IS) by the existence of a personnel problem which, we hope, will be overcome soon).

I shall be away from June 7 to June 12 attending the meetings of the Canadian Political Science Association in Halifax. I shall be back on the morning of the 13th, however, and shall send you a last minute memorandum if there should be any communications from other Departments bearing on the subject matter of this memorandum.

E.B. ROGERS

1029.

DEA/50182-40

Note du directeur, Bureau mixte de renseignements
Memorandum by Director, Joint Intelligence Bureau

SECRET

[Ottawa], July 24, 1949

NOTES ON PSYCHOLOGICAL WARFARE³⁵

Broadly speaking, there are three governmental elements directly interested: (1) *Information*. Here is the main contact with, and the point of view of, broadcasting organizations and press. This element represents the object of giving out news, as quickly and fully as is permitted. It may reasonably be concerned with morale, at home and abroad, but not with policy or security except as an agent; (2) *Military* has no direct interest in straight news. It is deeply involved in security. It may wish to use psychological war mechanism to: sap the morale of troops, create misleading impressions of movements, influence resistance forces in occupied territory; (3) *Foreign policy* side is concerned with war objectives and peace terms and in general with attitude toward allies, occupied countries and enemy.

2. At least in a democratic country no two of the above elements will be found completely within one department of government. Before considering the best administrative organization embracing all three elements, it is necessary to examine further their necessary concern with P.W. P.W. is a weapon of state that can be employed with or without armed conflict. In either connection it has a long history; and it is safe to say that it will never be wholly disused whenever one state wishes, by whatever means, to impose its will on the government or people of another. Canadians have been exposed to P.W. over a long period. Indians were

³⁵ Envoyé à E.B. Rogers le 29 juillet 1949.
 Forwarded to E.B. Rogers on July 29, 1949.

accustomed to practice on the French, as they did on rival tribes, various forms of terrorism. The whole conception of hoo-doo could be, and was, directed toward lowering the morale of the white invaders. In the early part of the revolutionary war the insurgents attempted to sway the allegiance of the Canadians by pamphlets describing the advantage of American liberty as contrasted with the tyranny of British rule. To jump to a later example, during the controversy over the Oregon boundary the American cry of "54°40' or fight" was an attempt to frighten British North America into Acceptance of the American claim. A more recent instance of P.W. is the use of descriptive tactics as in the case of the C.S.U.

3. It may be taken, then, that P.W. is not new, not ephemeral, and not confined (unless it be in name) to periods of organized warfare. Its very diversity of method and application, however, complicates any identification of administrative responsibility. What is clear is that it can be permitted to operate only within the range of existing foreign policy. In peace or in war, therefore, it is the foreign office that must always be concerned, for P.W. is an instrument of national policy. In time of war, as has been suggested, the armed services have various essential interests in P.W. They must have a voice in decisions relating to propaganda that might help or hinder operations (friendly or foreign). They control the prisoners of war, who are a target for P.W., a source of intelligence and, under favourable conditions, a medium. They control other sources of intelligence that are necessary for P.W. They have major security interests. In peacetime the interest of the Services is minor in so far as the actual work of P.W. is concerned; but on the other hand they must even then be fully involved, partly because of the intelligence they can provide, and partly to take a hand in the planning of P.W. for war purposes.

The official information agencies stand in a somewhat different position. They have no responsibility for foreign policy and none for the planning or conduct of military operations. Under an authoritarian regime the situation is simple: the press and the radio voice official propaganda and that only. In a democratic country the radio may or may not be government-owned, but it will be severely criticized if it comes to be suspected of being partisan in domestic broadcasts. It can, however, be used (as in the Voice of America) for propaganda abroad. The press is in no case a medium of P.W., or at least only to a very minor extent. The information agencies could be regarded as no more than a mechanism for P.W. That, however, would assume that the foreign office and services between them could provide alternative experts on the art practised by the professional broadcaster and the professional journalist: for the link with the fourth estate is the information agency.

How to tie together these three necessary actors (any one of which is capable of behaving as a prima donna)? Experience in U.K. during the war illustrates the difficulties even better than the solutions. The foreign secretary and the minister of information were the responsible ministers, but no easy way was found of dividing or uniting their authority. The C[hiefs] O[f] S[taff] have been consulted at times and on a few occasions the Director appeared before the cabinet. In the U.S. the major jurisdictional battle took another form, i.e., between O[ffice of] W[ar] I[nformation] and O[ffice of] S[trategic] S[ervices], both of which claimed P.W. as their field.

A further complication is created by inter-allied P.W.

The details of the jurisdictional battles and the varied administrative changes are of little interest now. Certain lessons, however, stand out:

(1) Quick action is quite often necessary. This means that competent officials must be available for drafting, etc. It also means that authority for statements has to be secured rapidly.

(2) That authority will not always come from the same source, but will vary according to the subject.

(3) The staff of a P.W. organization may be civil or, better, part civil and part military. For work in a theatre of operations it must have a quasi-military character.

Canadian Psychological Warfare

It is unlikely that Canada will ever play a major part in P.W. Major political and military policy is likely to be decided by the U.K. and the U.S. and therefore the high-level decisions in P.W. will ordinarily not fall to Ottawa.

In the last war Canada was able to contribute to P.W. chiefly because of the prisoners of war held here. Organization was late in coming and defective in character; and no separate staff was created. Individuals in External Affairs and National Defence spent part of their time on P.W. Experiments in getting writing done by contract have been unsatisfactory. For these reasons the maximum value was not obtained from the use of the CBC short-wave when that was completed (and in spite of the technical efficiency of the mechanism).

Assuming the desirability of Canada taking some part in P.W., the following requirements, amongst others, appear to be necessary for wartime operations:

(1) A permanent staff. This may well be very small. It should be within the Department of External Affairs, but should include seconded Service personnel and possibly one or more journalists or other writers temporarily attached to the department. A total personnel of 8-12 should be sufficient.

(2) A committee to guide the above group. This has already been worked out in draft.

(3) Definite arrangements for policy decisions on such matters as require them. They should not be numerous.

(4) Arrangements for co-operation with U.K., U.S. and possibly other commonwealth or allied states. This would be best achieved by appointment of liaison officers.

Planning

The modern emphasis on propaganda in peacetime has changed in degree the distinction between its use under the two conditions. The concept of "cold war" is not a new one. Bismarck, for example, used it consciously and extensively toward France, particularly in the early seventies. It has now, however, markedly increased, partly because of its affinity to ideological differences, and partly because of the new means at its disposal. Unlike armed conflicts (but like economic warfare) P.W. is constantly being waged. The radio is its slave.

Planning for this type of warfare is, therefore, conducted while the battle is on. That should make it easier, since there is opportunity for experiments as well as for blue prints. It is not, it must be admitted, a battle which is being vigorously conducted by the Canadian authorities at the present time. Part of the planning should, therefore, be an examination of what is being done and what additional steps could be taken. With such analysis in mind, consideration of administrative machinery will be given immediate reality.

Attention may here be drawn to some of the principles of P.W. that are usually considered to be valid:

(1) White propaganda must not be factually inaccurate. Probably the most successful P.W. in the last war consisted of the BBC broadcasts to France, and they were largely made up of straight news.

(2) It is not wise to refute enemy propaganda, since this serves to draw attention to it.

(3) As far as possible the names or voices of emigres should not be used.

(4) A broadcast or pamphlet should be made in the light of the fullest and most up-to-date knowledge of the conditions of the listeners, e.g., it is useless to dangle the prospect of cheap food before an audience that already has it, or to distribute surrender leaflets to troops whose morale is unimpaired.

G.P. DE T. GLAZEBROOK

1030.

DEA/50182-40

*Note du sous-secrétaire d'État aux Affaires extérieures
au chef, direction de liaison avec la défense*

*Memorandum from Under-Secretary of State for External Affairs
to Head, Defence Liaison Division*

Ottawa, December 28, 1949

NORTH ATLANTIC TREATY; CO-ORDINATION OF PSYCHOLOGICAL WARFARE

The other day the Minister said to me that he thought that early consideration should be given to means of co-ordinating the efforts of the North Atlantic Powers in the field of propaganda particularly in relation to shortwave broadcasts to the Iron Curtain countries.

2. Mr. Pearson feels that there is a great deal to be done in concerting allied activities in this sphere. We should consult upon the policies and programs which can be most effective in the cold war. We should examine tactics being followed by our representatives in the United Nations, possibly arrange for consultation between our delegations at United Nations Assemblies with a view to presenting a common front to the pressure of the Soviet bloc. Some of the procedures which have been worked out between Commonwealth countries, between Canada and the United States in such matters might be broadened so as to include the other North Atlantic countries.

3. The Minister would like to have this matter explored with representatives of other signatories to the Treaty with the object of having established some kind of planning machinery the object of which would be a concentration of effort.

4. Perhaps the best way to get this started would be to ask Wrong to seek in Washington the reaction of his diplomatic colleagues.

A.D.P. H[EENEY]

9^e PARTIE/PART 9

VATICAN

1031.

DEA/7951-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Memorandum from Under-Secretary of State for External Affairs
to Prime Minister*

SECRET

Ottawa, April 5, 1949

DIPLOMATIC REPRESENTATION AT THE VATICAN

Recently Mr. Pearson requested the Canadian Ambassador in Washington and the High Commissioner for Canada in the United Kingdom for any observations they might have to make on the special value to the United States and to the United Kingdom of their representation at the Vatican. Their replies were contained in telegrams No. 610 of March 23 from London† and WA-35 of March 24 from Washington.†

2. Mr. Stone, the Canadian Minister in Washington, had confidential talks on this subject with members of the State Department who informed him that there is not very much useful information resulting from the present arrangement, under which Mr. Myron Taylor is the President's personal representative. Mr. Taylor spends little time at the Vatican and the diplomatic officer who now assists him is not too useful.

3. The State Department officials said, however, that the situation was much better during the war when Mr. Titman was Charge d'Affaires at the Vatican and Mr. Parsons his assistant. These men were both good in getting information not only from the Vatican sources but also from the other 41 missions there, and they were both good at explaining United States policy in various fields to the Vatican.

4. Last August Mr. Parsons prepared a memorandum making a very strong case for full United States representation at the Vatican based principally on the following points:

(a) The advantage of having access to information which is available from Vatican sources;

(b) Being in a position to have United States policy interpreted and explained to the Vatican. (The State Department ways that explanations of policy which have been given to the Vatican authorities on such matters as Spain, E.R.P. and Germany have served useful purposes and borne fruit there.);

(c) The desirability of having Vatican representation because of its good effect on United States-Latin American relations;

(d) The fact that the Church has still much strength and is the principal if not indeed the only Western social organization still able to operate behind the "Iron Curtain";

(e) The advantages to be derived by continual contact with the representatives of 41 other countries at the Vatican who are not over-worked there, have time to talk and who, in many cases at present as in the past, have been men of high calibre with some influence in their own countries.

5. The State Department think that as long as they can continue the present arrangement of personal representation without criticism it is wise to do so. While the President has assured the representatives of the Protestant churches that the permanent maintenance of a diplomatic representative was not contemplated, there has been a noticeable decrease in the strength of the opposition in the United States to representation at the Vatican. Indeed, Mr. Hicker[son] of the State Department expressed the view that Mr. Dulles and some of the other lay leaders of the Protestant churches might even be coming around to the opinion that full diplomatic representation at the Vatican may be both desirable and necessary. While the President, for political reasons would not consider putting up to Congress any proposal for permanent diplomatic representation at the Vatican, it may be possible that the United States is moving slowly toward this and that this trend might be affected by whatever action is taken by Canada. An exchange of diplomatic representatives between the Vatican and the United States would not involve the nomination of a Papal Nuncio in Washington.

6. The State Department is interested in the Canadian views on this matter.

7. The Canadian High Commissioner in London reports that the Foreign Office found it rather difficult to give a satisfactory answer to his query. It considered the greatest value of United Kingdom representation at the Vatican was its ability to remain in Rome during the war. They find that much depends on the quality of the man they send there. Until now, they have sent older men who tended to vegetate there until retirement, but the present Minister, who is 51, has proved active and has been able to secure a good deal of information which they ordinarily might not have secured from their mission to the Quirinal. In particular, they find this representation useful in giving an insight into Catholic tactics vis-à-vis Communism.

8. The United Kingdom Legation has proved useful in arranging audiences with the Pope for prominent United Kingdom visitors and the Foreign Office are pleased with the answer to their request that the Pope use his influence to stay the execution of a Spanish Socialist condemned by Franco. The Pope agreed to the request and a reprieve was granted. The Foreign Office are pleased because they were under considerable pressure from the Labour Party to interfere but they realized a direct intervention in Madrid would be useless.

9. The High Commissioner concludes that while the practical value of representation at the Vatican is doubtful, a case should be made for such representation on prestige grounds. In fact, he thinks that, apart from any domestic considerations involved, we are rapidly acquiring a position in international affairs where we cannot afford to be without representation at the Vatican. If the Canadian representative is a man of culture, and young enough to possess initiative and energy, he should be able from time to time to send reports which would be valuable as representing another but well-informed view of developments in international affairs.

A.D.P. H[EENEY]

[Postscript:]

Incidentally the representations *against* still come in. Yesterday I received the representative of the United Church who was most emphatic. Apr. 6, 1949.

A.H.

CHAPITRE XIII/CHAPTER XIII
EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART I

CHINE
CHINA

1032.

DEA/50055-40

*Note de l'adjoint spécial au sous-secrétaire d'État par intérim aux
Affaires extérieures pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Assistant to Acting Under-Secretary of State for
External Affairs to Secretary of State for External Affairs*

SECRET

[Ottawa], January 18, 1949

CHINA SITUATION

The military position of the National Government of China continues to deteriorate rapidly. The large North China industrial centre of Tientsin fell on January 15 and Peiping is expected to be surrendered in a matter of days. This will permit Communist troops from the Manchuria and the North China front to move South to reinforce those attacking in the Nanking-Shanghai area. Already the Nationalists have lost a large number of troops surrounded, captured, or killed in the pockets South of Hsuechow. The last major Government bastion at Pengpu on the Hwai river line one hundred miles North of Nanking was given up two days ago. The remaining Nationalist troops are being drawn back for a defence of the Yangtze river line supported by the Chinese Navy. It is difficult to say how long the Yangtze river line could be held. Chinese, whose morale is one of the key factors, are not optimistic.

2. In the face of these disheartening military set-backs, the National Government is both preparing to withdraw from Nanking to the South and concurrently putting out peace feelers. In his New Year's broadcast the Generalissimo made his first public peace overture. Since that date, these have been echoed by numerous public bodies in Nationalist territory. On January 8, the Chinese Government presented an aide-mémoire in identical terms to the United States, French, Soviet and United Kingdom Ambassadors in Nanking, indicating that the Chinese Government would welcome any suggestions leading to an early restoration of peace. After consultation the three Western Powers have returned replies informing the Chinese in effect that they see nothing that they could constructively do at this time by intervening. The Soviet Government has also replied negatively. The question of peace negotiations is, therefore, left entirely to the Chinese. The Communists have broadcast terms for a truce and the resumption of political negotiations which provide for the removal of Chiang Kai-shek, and many of his immediate associates, the rescinding

of the new constitution and acknowledgment of a dominant role for the Communists in any future coalition Government. While these terms are disappointing to the Nationalists, there is evidence that continued efforts are being made to enter into peace negotiations.

3. In preparation for the contingency that satisfactory truce terms could not be arrived at, the National Government is preparing to withdraw to the South. Already parts of the Chinese Airforce and Navy have moved to Formosa. A close friend of the Generalissimo has been named Governor of that Island. Rumours are reported that all gold and foreign exchange reserves in Nationalist banks have been removed to Formosa. Government administrative services are being dispersed.

4. On January 14, the Chinese Ambassador called to request the Canadian Government to instruct the Canadian Ambassador to accompany the National Government to Canton, if it is compelled to evacuate Nanking. The Government places great store by the Ambassadors of friendly Governments accompanying it, should it be compelled to leave Nanking. In November, instructions were sent to Ambassador Davis informing him that if the National Government should evacuate Nanking accompanied by the British and American Ambassadors he (Mr. Davis) and the Military Attaché should accompany the Government, leaving Mr. Ronning and Mr. Maybee (External Affairs Secretaries) in Nanking. We have been endeavouring to learn what attitude the United Kingdom and United States Governments propose to adopt. Neither Government is sanguine about the possibility of the National Government being able to hold together for many weeks if it is compelled to evacuate Nanking. They are, therefore, inclined to await developments before sending last minute instructions to their Ambassadors. In the meantime, in order to ensure that there will be Canadian officials to look after the interests of approximately 500 Canadians, missionaries and business people, who plan to remain on under the Communists, we are issuing concurrent Consular Commissions to our diplomatic Secretaries in Nanking. Two will remain there and one in Shanghai for the change over.¹

H.O. M[ORAN]

¹ Cette note servit à la rédaction du rapport du ministre au Cabinet le 19 janvier. Une note marginale laisse croire que la première moitié de l'alinéa 4 ait pu être omise de ce rapport. This memorandum was the basis for a report by the Minister to the Cabinet on January 19. A marginal note suggests that the first half of paragraph 4 may have been omitted from that report.

1033.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

Ottawa, January 25, 1949

CHINA; EVACUATION OF CANADIANS

45. *The Secretary of State for External Affairs* reported that the situation of the Nationalist government continued to deteriorate. Chiang Kai-shek had resigned and it was likely that the Nanking area would be overrun in the near future by the Communist armies.

Enquiry had been made of the Chief of the Naval Staff concerning the possibility of arranging for a Canadian ship to go to Chinese waters in case the situation developed in such a way as to endanger the lives of the 200 Canadians in the area. British and U.S. vessels were standing by for similar purposes.

It had been ascertained that an R.C.N. destroyer² could be diverted for this purpose from a cruise to Mexico.

(External Affairs memorandum to the Minister, Jan. 24, 1949).†

46. *The Cabinet*, after discussion, agreed that, subject to concurrence of the Minister of National Defence, a Canadian destroyer be diverted to Far Eastern waters to be available in case it were required for evacuation or protection of Canadians in the Nanking area.³

1034.

DEA/50055-40

*Note de la direction des États-Unis et de l'Extrême-Orient**Memorandum by American and Far Eastern Division*

SECRET

[Ottawa], April 25, 1949

CHINA

Military Situation

The Government refused to accede to a Communist ultimatum calling for unconditional surrender and, on April 21, Communist troops began crossing the Yangtze River in force, encountering very weak opposition. Nanking was not defended and was entered by the Communists sometime during April 23-24. There was some looting and disorder in the city when the garrison withdrew. Communist forces are reported to be advancing eastward towards the coast at Hangchow Bay, threatening to cut off the 300,000 Nationalist forces covering Shanghai from escape overland to the South. This may result in a delaying defence being

² Le N.C.S.M. *Crescent*/H.M.C.S. *Crescent*.

³ Le 3 février, le Cabinet fut informé à l'effet que le destroyer était en route vers les mers de Chine. On February 3, Cabinet were informed that the destroyer was en route to the China seas.

attempted at Shanghai, to permit evacuation of Government armies by sea. Nationalist forces may regroup to make a stand in South China. The Island of Formosa is being transformed into a Nationalist stronghold.

Political Situation and Instructions to Ambassadors

2. Acting President Li Tsung-jen and members of the Government have fled from Nanking. The intentions of the Government as to a new centre of operations have not yet become clear but it is probable that Canton will be declared provisional capital.

3. The Ministry of Foreign Affairs advised the Diplomatic Corps to withdraw to Shanghai but this suggestion was not acted upon, the majority of the Ambassadors feeling that they should await events in Nanking.

4. After the United Kingdom and United States Governments had been consulted, Mr. Davis was instructed to remain in Nanking for the change-over in authority. He may, at his discretion, withdraw from Nanking to some other point, in order to communicate with us with regard to the question of returning to Canada for consultation.

5. The United States Ambassador has also been instructed by the State Department to stay at his post, until it is clear that local authority has been firmly established. The United Kingdom Ambassador similarly recommended to his Government that he should be left in Nanking.

Relations with Communists

6. The Ambassadors of the Atlantic Pact countries in Nanking decided that, following the fall of Nanking, each Mission should notify the head official of the new authorities of the presence of the Mission and the names and addresses of all persons connected with it; this notification to be made without further comment.

7. The matter of possible recognition of a Communist regime in China has not yet, of course, been considered. Mr. Davis has been instructed, however, that, if he considers it necessary, our consular officers in Nanking and Shanghai might make an oral communication to Communist officials, expressing the expectation that, in accordance with accepted international practice, they would be able to continue to perform their normal functions, which consist of looking after the interests of Canadian citizens. The instructions to Mr. Davis in this regard are similar to those given to United Kingdom and United States Ambassadors by their Governments.

Welfare of Canadians

8. 189 persons are now registered as Canadians at the Canadian Vice-Consulate in Shanghai. On April 25 the Canadian Vice-Consul published a notice in the Shanghai newspapers, repeating and emphasizing a warning given to Canadians last November, that all those who could do so should leave. There is danger of rioting in Shanghai, even if a defence of the city is made. If general evacuation of Shanghai by foreigners should become necessary under emergency conditions, a coordinated plan for assembling and feeding has been completed by an Emergency Planners Committee, participated in by representatives of several countries, including Canada. The President of Canadian Pacific Air Lines, Mr. G.W. McConachie,

has informed the Department that the North Star aircraft, which was made available to his company by the Royal Canadian Air Force, for survey and familiarization purposes in the Far East, has been placed at the disposal of the Canadian Ambassador, in case it should be required to assist in evacuating Canadians. The aircraft is now in Hong Kong.

H.M.C.S. "Crescent"

9. H.M.C.S. "Crescent" has visited both Shanghai and Nanking, her movements being made according to a rotation scheme for Commonwealth vessels in Chinese waters. "Crescent" was in Hong Kong at the time of the "Amethyst" incident on the Yangtze River. The Commander-in-Chief, Far East Station, of the Royal Navy at Hong Kong has been informed that the vessel, which is under his operational direction, should be used in conformity with the wishes of the Canadian Ambassador. We hope the Ambassador can maintain wireless communication with the Commander-in-Chief, Far East Station, Hong Kong, through the British Embassy with regard to use of H.M.C.S. "Crescent". It is understood that the Royal Canadian Navy does not intend to have the "Crescent" return to Canada at the present time.

Canadian Embassy Staff

10. Nanking has been cut off from rail and telephone communication with Shanghai but word has been received by radio that all members of the staff of the Canadian Embassy in Nanking are well. Their next-of-kin have been notified. The staff consists of Honourable T.C. Davis, Ambassador; C.A. Ronning, First Secretary; J.R. Maybee, Second Secretary; H. Staines, Administrative Clerk; Corporal Smith, Military Clerk. Mrs. Davis has left Shanghai for North America by plane.

11. The Canadian personnel at our office in Shanghai are: F.C. Ballachey, Vice-Consul; B.I. Rankin, Assistant Commercial Secretary and Vice-Consul; Miss J. MacLeod, Stenographer and Miss M.C. Fournier, Stenographer. The Ambassador has been authorized to order the Shanghai staff to leave, if he considers that danger to life is such as to warrant this.

1035.

DEA/366-H-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

SECRET

[Ottawa], April 27, 1949

CRESCENT

I am concerned lest the Crescent should become involved in action against the Chinese Communists in any further attempt to extricate the "Amethyst" from its present position 100 miles up the Yangtze or in other operations. I think that the signal which was sent to the Commander-in-Chief of the Far East Station, Royal Navy, Hong Kong, on April 21 should be reviewed in the light of present developments. The signal read as follows:

1. HMCS Crescent should be used as requested by the Canadian Ambassador, or at your discretion according to the requirements of the situation.
2. Would appreciate if you would keep CANAVHED [Canadian Naval Headquarters] fully informed of movements of "Crescent" and when possible your intentions regarding her.
3. Please confirm that you are in communication with the Canadian Ambassador in Nanking".⁴
2. You have already seen a copy of telegram No. 835' of April 22 from Canada House† giving Mr. Pearson's view that "this ship should not become involved in any incidents if that can be avoided, and for that purpose it should not be ordered to the Yangtze". Mr. Pearson goes on to say that "This is not a question of us evading any responsibility but merely exercising ordinary caution by not participating in what appear to be useless gestures".
3. We have been unable to get Mr. Pearson's comments through to Mr. Davis as you suggested because of the suspension of telegraphic services. In view of the fall of Nanking to the Communists I think we must assume that Mr. Davis will have difficulty in keeping in close touch with the Commander of the Crescent and C.-in-C., Far East Station. Under the circumstances, the Commander of the Crescent will be the more dependent on the C.-in-C., Far East Station, for guidance unless further instructions are sent.
4. As the Communists have now crossed the Yangtze at a number of points I doubt if it would be wise to continue to proceed on the assumption that permission given by the Nationalist Government for Royal Navy and Royal Canadian Navy vessels to visit Nanking has any further real validity.
5. The debate yesterday in the United Kingdom House and the discussion in the British press of the "Amethyst Incident" indicate pretty clearly the dangers in the present situation. Apart from the operational difficulties encountered by naval vessels duelling with shore batteries in narrow waters, there is the broader question of future relations with the Chinese Communists. They have been quick to seize upon this incident for propaganda purposes to exploit the latent anti-foreignism of the Chinese. As the Government decided to leave Mr. Davis in Nanking for the Communist take-over, he and his staff are dependent on the Communists for protection and permission to carry on their duties.
6. The Canadian Vice-Consul in Shanghai has informed us that all Canadians in Shanghai have been warned again and given further opportunities to evacuate by Canadian Pacific Air Lines plane or by a Dutch passenger vessel. The 200 who

⁴ Une copie du signal est au dossier DEA/366-H-40. Des copies de ce signal et du message arrivant, reçu du capitaine du *Crescent*, furent envoyés au ministre à Londres et à l'ambassadeur à Nankin. Ledit signal reçut l'approbation du ministre de la Défense nationale et fut envoyé par le vice-chef de l'état-major naval. Le chef de l'état-major naval, l'amiral Grant, était aussi au Royaume-Uni à ce moment là.

Copy of signal on DEA/366-H-40. Copies of this signal and incoming message from the captain of the *Crescent* were sent to the Minister in London and to the Ambassador in Nanking. The quoted signal was approved by the Minister of National Defence and sent by the Vice-Chief of the Naval Staff. The Chief of the Naval Staff, Admiral Grant, was also in the United Kingdom at the time.

plan to stay on have decided to take their chances with the Communists. The foreign community in Shanghai have taken all the precautions they can to protect themselves in the period between the withdrawal of Nationalist control and the Communist take-over. In these circumstances the only justification for the *Crescent* going up to Shanghai would be if the interval between Nationalist departure and Communist take-over was so prolonged and disturbed that the local safety arrangements proved inadequate and the lives of Canadians became seriously endangered, or if the Communists on entering the city began to mistreat Canadians in such a way as to transgress customary international practice. I doubt if either of these contingencies will arise.

7. The C.-in-C., Far East Station, Royal Navy, Hong Kong, is authorized to use the *Crescent* at his discretion, particularly if he is unable to communicate with Ambassador Davis in Communist-held Nanking. I think the lessons of the "Amethyst Incident" will have sunk in now and that the C.-in-C. will be very cautious about sending further vessels up the Yangtze. However, I have seen no report on how he intends to use the *Crescent*. There is the possibility that he might send the *Crescent* up the Yangtze to assist in extricating the *Amethyst*, or he might send her to Shanghai. I think it would be fairer to him if we were to send him and the Commander of the *Crescent* a further signal giving a more detailed statement of how we think the *Crescent* should be used. I think something along the following lines might be considered:

"1. In view of anti-foreign propaganda use which Communists have made of recent Yangtze River incident involving Royal Navy vessels every effort should be made to avoid becoming involved in incidents with the Communists.

2. As Communists now dominate the lower Yangtze River it appears to us that permission obtained by Canadian Ambassador from Nationalist Government for *Crescent* to visit Nanking is now insufficient to assure recognition of the peaceful intention of such visits.

3. Accordingly, *Crescent* should not enter or remain in Chinese Communist dominated waters except under one of the following conditions:

(a) if requested by the Canadian Ambassador or Canadian Consular officers in China to assist in the evacuation of Canadian citizens and other British subjects whose lives are endangered,

(b) if permission for such visits has been obtained from the Communists,

(c) if authorized by Canadian Naval Headquarters."⁵

8. If you agree that a further signal along these lines might usefully be sent, we would communicate the text to the Ambassador in Nanking and the Vice Consul in Shanghai with the following caution:

⁵ Une version corrigée de ce message fut transmise au capitaine du *Crescent* le 28 avril 1949. Comme les compagnies de câble n'acceptaient pas de messages dirigés vers Nankin, le texte fut envoyé à Davis via le lien radiophonique de l'ambassade du Royaume-Uni avec le Foreign Office, le 29 avril 1949.

A revised version of this message was transmitted to the Captain of the *Crescent* on April 28, 1949. As cable companies were not accepting messages for Nanking, the text was sent to Davis via the British Embassy's radio link with the Foreign Office on April 29, 1949.

"As Canadians remaining in areas threatened by Communists are doing so by choice, you should request assistance from Crescent in evacuating them and other British subjects only if local peace preservation arrangements prove entirely inadequate and lives of Canadians are in serious peril, or if Communists after the take-over show themselves unwilling or unable to afford normal protection to Canadians. If at all possible you should consult Ottawa before making such request."

A.D.P. H[EENEY]

1036.

DEA/72-BP-1-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], May 2, 1949

CANADIAN PACIFIC AIRCRAFT IN THE FAR EAST

You will recall that Mr. McConachie, President of the Canadian Pacific Air Lines, was good enough to place an aircraft at the disposal of the Canadian Embassy in China, in case it might be of assistance in evacuating Canadian citizens. This was one of two North Star aircraft which had been released from the Royal Canadian Air Force to Canadian Pacific Air Lines, in order that survey and familiarization flights might be undertaken, prior to the establishment of a regular schedule to the Far East by Canadian Pacific Air Lines.

2. About ten days have elapsed since the North Star was taken off its survey schedule and made available to the Canadian Embassy. The aircraft is still standing by in Hong Kong.

3. Reports from our office in Shanghai indicate that there is no present need for the North Star. Most of the two hundred Canadians now in Shanghai plan to stay on in the city. The few wishing to leave are able to do so on passenger vessels or by commercial aircraft. Our Vice-Consul states that, under the circumstances, he does not feel that we should hold up the Canadian Pacific Air Lines aircraft in Hong Kong and he suggests that it be permitted to proceed on its survey.

4. The crisis has not yet occurred, so far as Shanghai is concerned, and the city will continue to be in a state of emergency until the Communists have taken over and established their authority. This may take place very soon or it may be a matter of weeks. Meanwhile, of course, the mere knowledge that a Canadian plane was available would have a good psychological effect upon Canadians remaining in Shanghai, particularly if H.M.C.S. "Crescent" sails for home on May 12th.

5. I feel, however, that, if we wished the North Star to remain at the Embassy's disposal for a longer period, it would be incumbent upon us to offer to reimburse Canadian Pacific Air Lines for the cost of having the aircraft stand by, whether in Hong Kong or in Tokyo.

6. The British communities in Shanghai have cooperated in drawing up an emergency plan of action, in case a general evacuation of the city by foreigners should become necessary. In that event I think it is probable that commercial aircraft would be available for taking out all British subjects.

7. Under the circumstances I would recommend that we authorize the release of the Canadian Pacific Air Lines North Star aircraft, which is now in Hong Kong at the disposal of the Canadian Embassy.⁶

A.D.P. H[EENEY]

1037.

DEA/50122-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], June 3, 1949

RELATIONS WITH THE CHINESE COMMUNISTS

In our despatch No. 72 of April 22 to the Ambassador to China,† we expressed the hope that our Consular Officers would be permitted by the Communist authorities to carry out their normal functions. This despatch was not concerned with diplomatic recognition.

2. With the overrunning of Central China, including the cities of Nanking and Shanghai, by Chinese Communist forces, it has become necessary to consider the position of our Embassy in Nanking from three points of view:

- (I) The present conduct and attitude of the Ambassador in his relations with Communist authorities;
- (II) The future movements of the Ambassador;
- (III) The question of possible recognition of a Communist government, when that has been established.

The attached telegram,† with instructions to Mr. Davis dealing with these matters is submitted for your approval.

(I) Present Conduct of the Ambassador

3. The Canadian Ambassador was ordered to remain in Nanking, rather than follow the Chinese Nationalist government to Canton because it was doubted that the government could hold together in the South and it was, therefore, considered that the welfare and interests of Canadians in China would in this way best be safeguarded. The retention of our Ambassador in Nanking, a national capital which has been captured by insurgent forces, does not, by the tenets of international law, constitute recognition of the new authorities as being the proper government of China,

⁶Note marginale:/Marginal note:

Could we ask for its retention for one more week? LB P[earson]

so long as there is no formal presentation of credentials and communications with such authorities bear only an unofficial character.

(II) Future Movements of the Ambassador

4. It is considered that the Ambassador should be withdrawn from Nanking as soon as practicable. He is in the anomalous position of being accredited to the Nationalist government, while residing in territory controlled by insurgents, and is, therefore, subject to the embarrassment of being unable to fulfil his proper functions. The mere presence of the foreign Ambassadors in Nanking, however, gives prestige to the Communists while emphasizing the lack of confidence felt in the Nationalist government. If the Ambassador should be withdrawn and succeeded by a Charge d'Affaires, the anomaly would remain in essence but much less in degree.

5. Telegram No. 685 of May 21 (attached)† from the British Ambassador in Nanking to the Foreign Office, gives it as the agreed upon view of the Commonwealth Ambassadors in China that the Powers should now reconsider the position of their representatives in Nanking, who should be given discretion to withdraw, when they judge that the best possible arrangements have been made for protecting their nationals and national interests. The United States Ambassador, Dr. Stuart, has already been instructed in this matter.

6. The Canadian Ambassador, in his telegram No. 110 of May 15 (attached)†, concurs in the recommendation that he be given instructions similar to those issued to Dr. Stuart. I should advise, however, that we make the decision when to recall Mr. Davis for consultation, after receiving his recommendations and in the light of the views of other governments, rather than place the onus upon him, by requiring him to decide the appropriate time for his withdrawal. Paragraphs 1 and 2 of our telegram instruct Mr. Davis accordingly. We should notify the United Kingdom, United States, French, Australian and Indian governments that we are considering the possible recall of Mr. Davis, since these governments have kept in consultation with us concerning China and emphasis has been given to the desirability of taking common action.

7. After the return of the Ambassador, it is envisaged that Mr. C.A. Ronning, First Secretary, would become Charge d'Affaires, of the Embassy. In this capacity Mr. Ronning would have no official relations with the Communist authorities.

(III) Question of Recognition

8. The question of recognition of a new regime in China will presumably not arise until the Communists have established some form of central government. Recent reports from Nanking indicate that this may not be for some time, possibly not until autumn, since the Communists are faced with a very great task of organization. After forming a central government, the Communists may either demand international recognition or they may merely announce the establishment of their government and wait for the Powers to make the first move towards recognition.

9. It is very doubtful whether the Nationalist government can maintain itself as an entity in South China. The Communist advance already threatens the provisional capital of Canton. The United States and British diplomatic officers at Canton probably would not follow the government immediately to a further place of withdrawal

but would wait to see whether the Nationalists could in fact continue to maintain a government at all in South China.

10. It is considered that it would be impractical and illogical, from the point of view of protecting our own interests in China, to resolve to have no dealings with a Communist regime which already controls a large part of the country, which appears to enjoy at the moment a fair measure of popular support and which, in all probability, will extend its power. There is general agreement amongst the Ambassadors of the Atlantic-Pact countries and of the Commonwealth countries in Nanking that their governments should give consideration to the manner in which recognition might be extended to a Communist government, when that has come into being.

De Facto Recognition

11. The Powers might recognize the Communists as having established a *de facto* government for that part of China which they control while continuing to recognize the Nationalist government as being *de jure* government of the whole of China. The time and method of granting *de facto* recognition would, of course, be a matter for consultation with other governments. The importance of mutual consultation in this regard has been stressed by the United States and United Kingdom Governments and has been urged by our own Ambassador. The governments concerned, with the possible exception of India, are generally agreed that they should not be precipitate in recognizing a Communist regime. At the present time the United States appears inclined to proceed more slowly in the matter of recognition than the United Kingdom but both governments seem to accept the principle that recognition, probably on a *de facto* basis at the outset, will have to be extended in due course to a Communist government in China. It is possible, of course, that the Communists might refuse to discuss anything but *de jure* recognition.

12. Paragraph 6 of our telegram to Mr. Davis informs him that we are considering the possibility, if and when it is decided to grant *de facto* recognition, of Mr. Ronning remaining in Nanking as Diplomatic Agent to conduct relations with the Communist government. Attachment of a diplomatic agent to a government neither constitutes nor implies *de jure* recognition of the government concerned, since the diplomatic agent is not formally and officially accredited. He is merely named by one government as its agent for carrying on business with another government. The United Kingdom Government has similarly been considering the possibility of naming a diplomatic agent to deal with the Communists in Nanking, after *de facto* recognition has been accorded, while maintaining a Charge d'Affaires of Embassy with the fugitive Nationalist government. The United Kingdom holds the view that it would be undesirable to hasten the disintegration of the Nationalist government by prematurely withdrawing from diplomatic relations with it. We might also find it necessary, if the Nationalists succeed in establishing themselves in the South or in Formosa, to appoint an officer as Charge d'Affaires to the Nationalist Government. The possibility must not be overlooked that the Communists, if willing to accept recognition on a *de facto* basis, will expect to send diplomatic agents to the recognizing powers. We should have to consider the implications of this very carefully

having regard to possible espionage and propaganda activities amongst our considerable Chinese population.

13. It is a matter for consideration whether we should seek to attach conditions, from the point of view of our own particular interests, to the granting of *de facto* recognition. The basic standards for recognition, according to the principles of international law, are effectiveness of power, accompanied by a sufficient degree of stability and a reasonable prospect of permanence. These are requirements which could probably be met by a Chinese Communist government. The United States Department view in this instance is that *de facto* recognition should be based upon the above considerations, together with ability and willingness to observe international obligations and that recognition should not be used as a political weapon. A certain amount of bargaining, however, by the Powers with major interests in China would seem to be inevitable. The United Kingdom, for instance, cannot but be concerned about the very large British vested interests in China.

14. Particular Canadian interests in China about which we should wish to determine the attitude of the Communist government are:

(1) Repayment of the Sino-Canadian of which the non-military portion (\$35,000,000) might be renegotiated;

(2) Repayment of the credits extended by Canadian banks to the Ming Sung Industrial Company for the construction of ships in Canada. This loan was guaranteed by the Canadian government;

(3) The treatment of Canadian missionaries and missionary properties;

(4) Canadian trade and commercial interests in general.

15. It would appear premature to consider *de jure* recognition at this stage of developments.

A.D.P. H[EEENEY]

1038.

DEA/50122-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], June 18, 1949

OUR FUTURE RELATIONS WITH CHINA

Since I will unfortunately not be able to attend the meeting to discuss China on Monday, the 20th, I thought it might be useful if I gave you a short note on some of my views.

2. My feeling is that our chief efforts over the next few months should be to refrain from committing ourselves on our policy towards Communist China until we have had time to give the matter extremely careful consideration, in consultation with the United Kingdom, the United States and other countries.

3. The coming into power of a Communist Government in China will undoubtedly represent one of the great revolutionary changes in modern history. When one is faced with a revolutionary change such as this, it is, I think, a mistake to try to make policy on the basis of the direct national interest in isolated questions such as loans, or credits, or air rights. The over-riding consideration will have to be the paramount necessity of the Western world arriving at an agreed policy on China which will protect the general interests of the whole Western world.

4. My own feeling is, at the moment, that, in order to hold the Communist advance in South East Asia, it is essential that as great economic assistance as possible be given as quickly as possible to South East Asia in an effort to raise the standard of living there so that it may become apparent to the peoples in China and South East Asia that the interests of the individual are served if his country keeps out or gets out of the Russian orbit. Since there is a limited amount of goods to go around, this means that no supplies should be sent to Communist China if they can be of use in non-Communist South East Asia.

5. This means that the Western world would have to cut its losses in Communist China and concentrate on holding the line against further Communist penetration in South East Asia.

E[SCOTT] R[EID]

1039.

DEA/50122-40

*Le sous-secrétaire d'État aux Affaires extérieures
au président du groupe de la sécurité*

*Under-Secretary of State for External Affairs
to Chairman of Security Panel*

SECRET

Ottawa, June 20, 1949

Dear Mr. Robertson,

Everything now indicates that before the end of this year we can expect a Communist government to control the most important areas of China. The Communist armies are already on the verge of the Canton area (Kwangtung Province) from which I understand come some 95 per cent of the Chinese in Canada. Regardless of the nature of our future diplomatic relations with any such government, I think you may wish to have the Security Panel consider some of the repercussions which the Communist accession to power may have among the people of Chinese origin in Canada.

I think it would be a mistake to suppose that the great majority of the Chinese in Canada will not continue to be law-abiding citizens. On the other hand we cannot ignore the numerous ways in which a Communist government in China in control of the Canton area will be able to influence their nationals in this country. Indeed, considering the importance of the Chinese element on the west coast, the Chinese Communists may, I believe, be expected to make every effort to improve their organization in Canada. A Communist government of China would be able to exert

pressure among the families of Chinese Canadians remaining in China and, still more important, they will control, through the New China News Agency, the news from home. Communist political organization, which is at present comparatively unimportant among the Chinese in Canada, may spread from the Chinese Communists in the United States as well as from those who manage to come to this country from China.

If we give any sort of recognition to a Chinese Communist government, we may expect them to lose no time in sending diplomatic and, if we permit it, consular agents to Canada. It remains to be seen what brand of Communism will emerge in China but, until the contrary is proved by experience, I think we must assume that the Chinese will be good Communists from the Soviet point of view. This means that their official representatives abroad will be concerned not only with propaganda and political work among their own people but, almost certainly, that they will be available for subversive activities and for espionage in the Soviet interest. The importance of the problem, it seems to me, cannot be judged solely on the basis of the present state of Communist organization among the Chinese in Canada nor upon the behaviour of former Chinese government representatives in this country.

Aside from any counter-espionage problem which may arise if we admit representatives of a Communist-dominated government, there are other spheres of activity in which Communist representatives may be expected to work no less assiduously among their people than the officials of the Chinese Nationalist Government. Like their predecessors, we may take it that the agents of Communist China will try to organize political clubs; they will take an interest in swinging the Chinese language press to their point of view; they may even (although this is more questionable) encourage their nationals in Canada to participate in Chinese elections. In our dealings with the representatives of the Nationalist Government, we have precedents for refusing to permit each of these forms of political activity. The most important example which we can cite is our aide memoire to the Chinese Embassy objecting to the participation of their officials in organizing among the Chinese in Canada the elections of December 1947-January 1948 for the Chinese Assembly. We have also refused to extend the visa of a Chinese Nationalist editor who came to Victoria to manage the Kuomintang newspaper there, and we have required the Chinese Ambassador in Ottawa to report the movements in Canada of an official of the Chinese Overseas Affairs Commission, so that the R.C.M.P. could keep him under surveillance.

It is difficult to foresee the extent to which a Communist government in China will be able to inherit the Kuomintang political apparatus abroad or to set up their own among those elements which formerly have derived their chief strength from their opposition to the KMT. In Canada there are four Chinese-language newspapers, two of which have supported the K[uo]M[in]T[ang] and two opposed. The only Communist paper in the Chinese language circulated in Canada is published in New York. Even among the KMT organization, which is by far the strongest in Canada, we understand that there have been many who have been moving into opposition to the leadership of Chiang Kai-Shek, impelled by his increasingly reactionary policies and corrupt administration. It is possible that a Chinese Communist

Government will be able to control at least part of the KMT organization abroad through the Revolutionary Committee of the KMT, which is likely to be included in a Communist Government. So far as Canada is concerned, the Revolutionary Committee assumes additional importance because its leader Lichai-Sun is a Cantonese. However, the most fertile fields for the Communists among the Chinese political organizations in Canada are the anti-KMT organizations of which only a fraction have so far been supporting the Chinese Communist leadership.

I think we can conclude that there is no immediate risk of Communist subversive activities being organized among the Chinese in Canada on a large scale, but in the long run the problem will require a great deal more attention than it has had in the past. I expect that even now we should begin to consider such measures as the following:

(i) adding Chinese-language papers, including the Communist paper published in New York, to those reviewed by the Citizenship Branch of the Department of State;

(ii) asking the R.C.M.P. to review the measures which they should take in order to counter any subversive activities among the Chinese in Canada;

(iii) tightening our control of immigration from China; and,

(iv) reviewing the need for a peacetime registration of aliens in Canada.

I have only one or two comments to add concerning the way in which these recommendations might be implemented. Now that we can expect a complete breakdown in our security screening arrangements in China, we should adhere more closely than ever to the restriction of Asiatic immigration as defined in P.C. 2119 (1931), and control more closely visits to Canada of such semi-official agents as editors, lecturers, and the like, who have in the past been allowed temporary entry for extended periods. The same consideration will apply to Chinese wishing to come to Canada from the United States.

One of our most immediate problems will be what attitude we should adopt towards the former officials of the Nationalist Government. There will be some temptation to find employment in the service of the Canadian Government for those who can offer us long experience among the Chinese community in Canada, determined opposition to Communism, and in some cases, Nationalist Government records of their organization and registration of the Chinese community in Canada. One might question the desirability of employing such people. Their loyalty will be to a dying regime in China rather than to Canada. It is for that reason that I have suggested in my second recommendation above that we should employ, wherever possible, Chinese born in Canada rather than officials left stranded by the ebbing tide of Nationalist China.

This letter has been prepared without the benefit of full discussion with other interested Departments but it may possibly serve as a starting point for a discussion which I think might be useful.

Yours sincerely,

A.D.P. HEENEY

1040.

DEA/50055-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], July 18, 1949

INSTRUCTIONS FOR THE AMBASSADOR IN CHINA

You will recall that we had indicated to Mr. Davis in general terms that it was our intention to recall him for consultation, when he was satisfied that the best possible arrangements had been made for the welfare of Canadian citizens and interests.

2. With the overrunning of central China including the cities of Nanking and Shanghai by Communist forces, it became an urgent matter to consider the position of our Embassy in Nanking from various points of view and to send our Ambassador more specific instructions.

3. Mr. Heeney discussed the situation in a series of conferences with those Heads of Division and senior officers in the Department who were concerned. The attached memorandum on "Relations with the Chinese Communists", which gives the background to the problems involved, formed the basis of these talks.⁷ It was decided that a "Heeney to Davis" telegram should be sent at once, instructing the Ambassador as to his present relations with the Communist authorities; acquainting him with our thinking about his future movements; and advising him that we would not be able to have a policy recommendation considered by Ministers until later. We informed Mr. Davis that we considered the final responsibility for determining the date of his return should not be placed upon him but that the decision should be taken here, on the basis of his recommendation and in the light of the views of other Governments concerned. Attached for your information is a copy of our telegram No. 100 of June 15 to the Ambassador.†

4. Mr. Davis replied (in telegrams No. 116 of June 28† and 120 of July 8†) expressing the following opinions with regard to his recall:

- (i) He should not return before his British and American colleagues;
- (ii) The American Ambassador intends to leave as soon as he can conclude arrangements to do so (a teletype received from our Embassy in Washington suggests this may be quite soon);
- (iii) Commonwealth Ambassadors feel they should be out of China long before a Communist Central Government is set up and possibly even before the Political Consultative Council meets towards the end of August;
- (iv) With restricted means of travel, the Ambassador would like to have our decision as soon as possible, since it may take some weeks to make the necessary arrangements with the Communist authorities and with travel companies.

⁷ Document 1037.

5. The Ambassador has reported that he has taken the best possible measures for the protection of Canadian nationals and interests. In view of this and in the light of his recommendations, I submit for your consideration a telegram to Mr. Davis† authorizing him to proceed with arrangements for his return. The telegram requests him to advise us of the progress of his arrangements, so that we may confirm our approval of his withdrawal and may notify other Governments concerned.

E[SCOTT] R[EID]
for A.D.P. H[eeney]

1041.

DEA/50055-40

L'ambassadeur en Chine
au secrétaire d'État aux Affaires extérieures
Ambassador in China
to Secretary of State for External Affairs

TELEGRAM 130

Nanking, August 15, 1949

CONFIDENTIAL

Reference British Ambassador's telegram No. 1234 of August 13th to the Foreign Office.†

2. I go along in principle with contents of telegram under reference, remembering that we have virtually no financial interest out here but knowing we will best be served by a united, prosperous China with whom we can trade.

3. American policy, now in the course of development, seems based on a belief in complete subservience of Communist China to Russia. Personally, I do not agree with this. China may evolve as a Communist State, which I gravely doubt, due to its agrarian economy, but, if it does, I do not believe that it will be dominated or controlled by Russia.

4. On the assumption contained in preceding paragraph, United States seemingly intends to pursue hands-off policy, but suggests support for any move which may arise to bankrupt the Communists. This suggestion itself infers interference in the internal affairs of this nation and indicates policy of hostility towards the new regime, only certain results of which will be greater hardship for the Chinese people and rapid extinction of foreign interests and influences.

5. American policy is their own business but if it involves pressure on Britain and other democratic nations to follow the same line, then I doubt the wisdom of such nations so doing. Americans should recognize the importance to the United Kingdom of British interests in China and, in shaping their policy, allow for moral aid to the United Kingdom to maintain those interests as far possible. Our policy should be hands-off but not unfriendly so that we can do business, letting the Chinese solve their own problems in their own way.

6. It is better for all that we have a seat inside the bamboo curtain rather than trying to peer in from outside, and that we should not lose the advantages of having a foot in the door.

7. You may find it appropriate to convey the substance of these views to the State Department.

(Received via Foreign Office)

1042.

DEA/50055-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Chine*

*Secretary of State for External Affairs
to Ambassador in China*

TELEGRAM 130

Ottawa, August 26, 1949

SECRET

Your telegram No. 130 of August 15. I am somewhat concerned to note in British Ambassador's telegram No. 1234 of August 13† a reference to the "fundamental differences between the nature of the Commonwealth interests in China and that of American interests".

2. As stated in Paragraph 2 of your telegram No. 130, the fact is that direct Canadian interests in China differ markedly from United Kingdom interests and resemble more closely the direct interests of the United States. This does not imply, of course, that we would necessarily agree with United States policy with regard to China but the British Ambassador's reference to "Commonwealth interests" in China is misleading.

3. Similarly, paragraph 5 of Foreign Office telegram No. 7925 of August 19 to Washington†, repeated to Nanking, re Air Venture Company, contains the following statement "You should stress our responsibilities to a community of 3,000 British subjects including 150 Canadians and 50 Australians and we hope that State Department will understand that we should persevere with the project. We are, of course, responsible for the welfare of Canadian citizens in Shanghai and I feel that this may be another indication that the British Ambassador in China may not fully appreciate the position and responsibilities of Canada in international affairs.

4. We have no repeat no desire or intention to raise issues of status at this time. But we felt that the unnecessary anomalies referred to above should be drawn to your attention.

5. With regard to the general question of relations of the Western powers with Communist China, we do not, repeat not, consider that it would be wise at present for us to make suggestions to London or Washington on the policy to be adopted. We are, of course, perturbed by the possibility that the present United Kingdom-United States differences may intensify so as to make it impossible for the Western powers to reach a large measure of agreement in this matter. We are therefore trying to get further light from Washington on present State Department thinking.

1043.

DEA/50055-40

*L'ambassadeur en Chine
au secrétaire d'État aux Affaires extérieures
Ambassador in China
to Secretary of State for External Affairs*

TELEGRAM 136

Nanking, August 27, 1949

SECRET

Anticipating my departure, at my request, I had long interview yesterday with Huang Hua, Head of Foreign Nationals Bureau and generally accepted as the leading Communist authority here. Talk was unofficial, personal and most friendly.

2. After lengthy general discussion I asked when we might expect the establishment of new Government and what they had in mind concerning recognition procedure.

3. He anticipated creation of Government in reasonable future and that China would welcome recognition on basis of friendship, equality and withdrawal of recognition from Nationalists. I pointed out that no nation could recognize two Governments simultaneously and that recognition of new Government involved withdrawal from other. I was referring of course to de jure recognition.

4. He then turned to Canada and recognition. He said hitherto we had been unfriendly and had intervened in civil war and Chinese internal affairs and were supplying arms and planes to the Nationalists. He suggested we would in some manner have to indicate change of attitude from hostile to friendly and I noted slight trace of suggestion that we would have to acknowledge our wrongs and seek forgiveness and recognition.

5. I explained furnishing of war supplies as merely continuation of mutual aid and that plane transaction was an ordinary commercial one. I stressed that I was speaking from memory and was not sure of these facts.

6. This can be discussed more fully in future but, meantime, I believe that they will refuse payment of military portion of loan, although they may acknowledge 35 millions spent on civilian supplies. I would not be too hopeful about either.

7. I indicated that our attitude was expressed by our remaining here and sending no representative to Canton, and in any negotiations for recognition this would be best evidence of friendship and equality.

8. I pressed him to indicate recognition procedure after formation of Government. He replied Mao Tse Tung had already covered this topic in public statements. I pointed out that when making these statements Mao was acting as leader of Communist party only. He stated he spoke not only for party but also for groups which will join new coalition Government and Chinese people. I replied when Government is formed Mao, as Head of State, would be in a different position and in proclaiming new Government would have to extend invitation for recognition on basis of equality and friendship.

9. I fear new Government when formed will merely proclaim itself and then sit back waiting for requests for permission to recognize. If this attitude is taken I foresee trouble and I tried to indicate that initiative must come from them and that thereafter negotiations for recognition would be up to individual Governments.

10. He raised the question of blockade and charged that it is supported by United States and United Kingdom with intent to weaken this country and endanger new movement. In the same breath he said Communists were not concerned therewith and could get along despite it. I could tell, however, that the blockade is worrying them.

11. I said I could speak for neither United States nor United Kingdom, but that United Kingdom's actions spoke for themselves. One of her ships was bombed in Shanghai harbour by Nationalists while running blockade. One has since successfully entered and left and British ships are going to Tientsin every week from Hong Kong.

12. He stated that impending capture of Islands at mouth of Yangtse River and the fall of Canton would in any case reduce the effectiveness of the blockade. I pointed out shipping insurance rates and high cost of Chinese exports of ordered goods due increased wages will keep out shipping more than blockade.

13. He said that they wanted to industrialize China and need foreign trade in order to make China strong, independent and prosperous nation.

14. I told him that what China did in matter of her internal affairs was her business and of no concern to us and what best suited us was a unified prosperous China with which we could do business.

15. I explained the Ming Sung deal⁸ to him and the more I think of it the more convinced I am that this is the brightest spot of all Canada's dealings with this country.

⁸ Les arrangements de crédits commerciaux passés avec la société limitée Ming Sung Industrial sont expliqués dans le volume 14, document 1113.

For an explanation of the credit arrangements with the Ming Sung Industrial Company Ltd., see Volume 14, Document 1113.

1044.

DEA/50055-40

L'ambassadeur en Chine
au secrétaire d'État aux Affaires extérieures
Ambassador in China
to Secretary of State for External Affairs

TELEGRAM 137

Nanking, August 27, 1949

SECRET

Following for Pearson from Davis, Begins: On the eve of your departure for Washington meeting at which Chinese policy will likely arise,⁹ I think fitting that even at expense of repetition I should express my views.

2. I feel that the United States is (pursuing?) a most unwise policy out here.

3. Such policy seems to be based on (idea?) that Chinese Communists are stooges of Russia and when (2 groups corrupt) subservient thereto. If this is correct then they must have known a good four months ago, and if so why did they leave their Ambassador here?

4. Has this decision been reached since and if so on what evidence? I have been here for this period and nothing has happened during that time which in my opinion justifies that conclusion. Lip service to Marxist theories and friendship for Russia does not warrant conclusion. Treatment of Consular agents, wage disputes and other incidents are trivial and policy should not be based thereon.

5. United States actively intervened in civil war and now that the side they supported has been decisively licked they seem to encourage continuance of civil war. Their interventionist policy seems confirmed and only change is throwing aside old instrument and hoping that a new one will arise.

6. Americans here complain they are accorded different treatment than British. Why should they not be? They are engaged in a cold war with Communists while British have been neutral.

7. All of this adds up to fact that so long as United States pursues this policy of (hostility?) they cannot offer recognition nor would it be accepted.

8. United States (group corrupt) think by pulling out of China and having nothing to do with her in field of trade or otherwise that this economic pressure will wreck Communist movement. Bunch in control here are completely ruthless and rather than buckle under to American pressure they will let millions starve if needs be. This group has the military to control this country and will have same for a long time so that policy of economic pressure is just wishful thinking.

⁹ Une réponse indique que «Pearson did not seek participation» à l'entretien entre le secrétaire aux Affaires étrangères britannique et le secrétaire d'État américain. Mais A.R. Menzies, chef par intérim de la direction des États-Unis et de l'Extrême-Orient, discuta de la question de façon officielle à Washington.

A reply indicated that "Pearson did not seek participation" in talks between the British Foreign Secretary and the U.S. Secretary of State, but A.R. Menzies, Acting Head of the American and Far Eastern Division, discussed the question at the official level in Washington.

9. United States is building up a (lot?) of bitterness and hatred which will take (years?) to eradicate. Even up to publication of White Paper¹⁰ I believe that they still had a reasonable amount of good-will and I think with a reasonable policy of hands off they could regain some. Pursuit of present policy is driving China into arms of Russia.

10. American policy is her business, but when she tries to jam it down throat of other nations it is a different thing.

11. I note that Indian Ambassador here is becoming more anti-American. He takes stand that United States seems to think that all nations can be forced to toe the line by economic pressure of this rich nation. He (group corrupt) India will not accept any aid or even credits from United States and that they do not propose to become economic vassal thereof. I sense this feeling growing and United States had better see where they are drifting. Ends.

Note: This message received via Foreign Office.

1045.

DEA/50055-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], September 2, 1949

CHINA

The Chinese Ambassador called on me this afternoon to discuss Sino-Canadian diplomatic relations and the raising of the Chinese problem at the General Assembly. Mr. Menzies was present.

2. I told the Ambassador that you had asked me to see him and to tell him that you were very sorry to be unable to see him yourself as you were completely tied up with preparations for your departure on Monday.

3. The Ambassador said that he had received instructions some weeks ago to approach us again on the subject of our representation in China. He had not done so at the time as there was no possibility of Mr. Davis leaving Nanking. However, now that it had been announced that Mr. Davis was leaving Nanking, he thought it appropriate to raise this matter again. When Mr. Davis left, Dr. Liu [Chieh] pointed out that we would have two senior men in Communist China, Dr. [G.S.] Patterson as Consul General in Shanghai and Mr. Ronning as Charge d'Affaires of the Embassy in Nanking, but no representation at the seat of the National Government. Dr. Liu thought that Canadian interests in Communist China could be adequately cared for by the Consulate General in Shanghai. The National Government had no particular objection to someone being left in Nanking to look after the property but

¹⁰ Voir la section III.B du document 1050 ci-après.
See section III.B of Document 1050 below.

they would like to see someone accredited to the National Government in Canton and accompany it to Chunking if it should move there.

4. I told Dr. Liu that we fully appreciated the point he was making and I would report it to you. Mr. Davis would avail himself of the first opportunity to leave Nanking to return to Canada for consultation. By present information we expected he would leave from Shanghai on the "General Gordon" about September 24, reaching Ottawa about a month later. The Government felt that, in view of the unsettled situation in China and the complexity of the problem, they would wish to consult Mr. Davis before they determined what their future course of action would be in regard to representation in China. In the meantime we were leaving a minimum number of officers in Nanking and Shanghai to man the two offices there.

5. I pointed out that the fact that we had no representation in Canton should not necessarily be regarded in itself as evidence that we were on unfriendly terms with the National Government. The U.S.S.R. had been very correct in sending its Ambassador to Canton, yet no one was fooled by this stratagem into thinking that the Soviet Government confided its friendship to the National Government only.

6. Dr. Liu also alluded briefly to the intention of the Chinese delegation to raise in the General Assembly the question of the violation of the Sino-Soviet Treaty of 1945 by the Soviet Union. He said that he hoped that friendly governments would look at this matter in the way that they had looked at the Greek question and perhaps ways and means could be found to contain Communist expansion in China. He mentioned as one of the principal evidences of Soviet violation of her treaty the recent commercial agreement signed between the Soviet Union and the local government of Manchuria.

7. I told Dr. Liu we had already had a report on this matter from General McNaughton, who had been talking to Dr. T.F. Tsiang.¹¹ I said that we were grateful for this advance notice of the Chinese intention to introduce a resolution on this subject as it gave us an opportunity to consider the position which we would adopt. I assured him that I would report to you fully on what he had communicated to me.¹²

LÉON MAYRAND
for A.D.P. H[eeney]

¹¹ Tingfu F. Tsiang, chef de la délégation de la Chine nationaliste/Head of the Nationalist China Delegation.

¹² Note marginale:/Marginal note:

Have we any information as to whether our Consulate in Shanghai is being allowed to operate? We may have to consider, I suppose, whether it is advisable to keep Patterson there—if he is not functioning. LB P[earson]

1046.

DEA/50055-B-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
au chef par intérim, direction des États-Unis et de l'Extrême-Orient*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Acting Head, American and Far Eastern Division*

SECRET

[Ottawa], October 5, 1949

POLICY TOWARDS COMMUNIST CHINA

I have been thinking over the questions which I discussed with you over the telephone this morning and it seems to me that it might be useful if I tried to clear my own mind by putting something down on paper for you.

2. I suggest that the time has come when we should prepare in this Department a very carefully considered and comprehensive paper for the Minister on the problems which have been created for Canada and its Western allies by the emergence of a Communist regime in China. At this particular stage I do not think that it would be wise in such a paper to attempt to set forth firm recommendations to the Minister. What is now needed is an appreciation of the problem and a discussion of alternative objectives, strategies and tactics.

3. Perhaps the most important point to make in any such memorandum is that the problem is extremely complex, that there are no easy, simple generalizations which can be made, that any policy which is adopted must be one based on a calculation of risks and that in such a calculation it will be necessary to weigh a whole series of imponderables and probabilities.

4. I would suggest for your consideration that the memorandum might begin with an assessment of the importance of the change which has taken place in China—the importance to China itself, to South Eastern Asia, and to the political, economic and defence problems of the North Atlantic Community.

5. The memorandum might then go on to discuss the alternative objectives of North Atlantic policy in China. Should the principal aim of policy be to promote by negative and positive actions increasing discontent and disorder in Communist China in order to make the task of the Chinese Communist Government as difficult as possible (this is, in general, it seems to me, the aim now of Western policy in relation to the satellite states), or should the main objective of policy be to attempt to assist the more moderate elements in the Chinese Communist Government and to attempt to maintain as many as possible of the links between China and the Western world (that was, in general, I think, the aim of our policy in countries such as Poland in 1945 and 1946).

6. It seems to me that only if we have some fairly clear idea of the objective we are trying to pursue can we think reasonably clearly about how we are to use the various instruments at our disposal, such as diplomatic recognition, Western economic interests in China, export control policy, policy in the United Nations, and so on.

7. It is also, of course, essential that we see the Chinese problem not in isolation from other important aspects of our foreign relations but only as one aspect of our

general foreign policy. This means, for example, that the demands of a China policy on the resources of the Western world must be balanced against the competing demands of policy in, say, Western Europe and the Middle East. Thus I suppose it would be clearly desirable that the United States should pour resources into India, Pakistan and South East Asia in order to strengthen the economies of those countries and make them less susceptible to Soviet penetration. But the resources which the United States is able and willing to make available for economic assistance are limited and the demands of South East Asia, India and Pakistan have to be weighed against the demands of the Middle East and Western Europe.

8. The memorandum should, of course, contain the best information which we have available on the trends in United Kingdom and United States policies and in the policies of other interested governments, such as India.

9. I would suggest that the first draft of the memorandum should be ready next week and that the second draft of the memorandum should be ready by Tuesday, October 18, for a discussion in Mr. Heeney's office at 2:30 p.m. This ought to make it possible for us to have an agreed analysis ready for the Prime Minister and the Minister before Mr. Nehru arrives.

10. While the main responsibility for preparing the memorandum will naturally rest on your Division, you will, of course, be seeking the assistance of the European Division, which will be particularly concerned with the possible development of Soviet relations with China. The Defence Division should be responsible for securing from the proper agencies the necessary defence studies.

11. Please let me know if there is any assistance which I could give you in securing the full cooperation of other divisions. You might perhaps wish to prepare memoranda to those divisions which I could sign.

E[SCOTT] R[EID]

[Postscript:]

Mr. Heeney, to whom I have shown this note, says that is a good idea but that the resulting memoranda should not be too long.

E.R.

1047.

DEA/50055-B-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], October 13, 1949

COMMUNICATION FROM THE CHINESE COMMUNIST REGIME

I refer to my memorandum of October 5th,† in which I stated that the Officer in Charge of our Embassy in Nanking had received word from the Foreign Affairs Bureau that he would soon have an official communication from the Foreign Min-

ister of the Communist Central Government on the subject of recognition. Mr. Ronning has now cabled us the text of this communication, which reads as follows:

“Peking, October 1st, 1949, to Mr. T.C. Davis, I am sending you herewith the announcement that has been made today by the Chairman, Mao Tse-tung, of Central People’s Government of People’s Republic of China and hope you will transmit it to your Government. I am of opinion that it is necessary for the People’s Republic of China to establish normal diplomatic relations with various nations of the world. Yours faithfully (signed and sealed) Chou En-lai, Acting Minister of Foreign Affairs of Central People’s Government, the People’s Republic of China.”

2. Mr. Ronning’s cable also contained the text of a broadcast statement by Mao Tse-tung, Chairman of the Communist Central Government, announcing the formation of the new Government. Mao said “also decided to legally announce to foreign governments that this government is only legal government to represent people of whole country of People’s Republic of China and that this government is prepared to enter into diplomatic relations with all those foreign governments which will abide by principles of equality, mutual benefit and mutual respect to territorial sovereignty.”

3. Similar communications to that received by Mr. Ronning were sent to representatives of other foreign governments. You will recall that the United Kingdom Consul General in Peking was authorized to reply to the Communist authorities that the matter is being studied and to suggest that in the meantime, if informal relations were established between the Communist authorities and the United Kingdom Consular officers, it would be to the advantage of both countries.

4. We learn from our Embassy in Washington that the United States Consular Representative in Peking has been instructed to reply, in a personal capacity, merely that the communication has been transmitted to the United States Government. The State Department considers that this will leave the door open for further communication without committing the United States Government in any way.

5. Mr. Ronning, in order to take receipt of the communication, had to assure the Foreign Nationals Bureau in Nanking that he is the “Tai Pan” (i.e. Officer in Charge) of the Canadian Embassy.

6. In previous instructions to the Ambassador in Nanking on the subject of relations with the Communists, we have maintained the view that, in accordance with the principles of international law, our Consular officers in China should be permitted to fulfil their functions, without prejudice to the question of recognition of a new regime. It might be as well for Mr. Ronning to make this point when he acknowledges the communication from the Chinese Communist Government. Attached for your consideration is a telegram to Mr. Ronning instructing him to make such acknowledgement orally.†

A.D.P. H[EENEY]

1048.

DEA/50055-B-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], October 27, 1949

SOME NOTES ON MR. DAVIS' TALK ON CHINA

1. Mr. Davis said that "if the Communist regime in China is to be stable, it must have an industrial base; they must industrialize if they are to get anywhere". It is hard to see that there is any Western national interest served by assisting the Communist regime in China to become stable or to get anywhere. Nevertheless, the conclusion Mr. Davis draws from his statement is that we should assist the Chinese Communist regime to become industrialized.

2. Mr. Davis said that "if the Communists do not deliver the goods to the people of China and give the people of China the kind of government they want" they will run into the expert passive resistance of the Chinese population. Presumably it is in the Western interest to assist in creating a situation in which the Chinese peasants refuse to cooperate with the Chinese Communist regime. Nevertheless, the conclusion Mr. Davis appeared to draw is the opposite.

3. Mr. Davis said that our policy towards Communist China should be "based on the realistic consideration that the Chinese Communists are there to stay". Presumably the policy of the Western world towards the Soviet Union is based on the realistic consideration that the Communist Government of Russia is there to stay. Mr. Davis' statement does not, therefore, constitute an argument for treating Communist China in any way different from the way we treat Communist Russia.

4. Mr. Davis appeared to make no distinction between long run and short run considerations. He argued that in the long run the Russians could not dominate China. However, the greater the possibility of a general world war with Russia during the course of the next ten years, the more important it is for the Western powers to base their policy not on such long run considerations but on considerations which are valid over the next ten years.

5. One of Mr. Davis' grounds for holding Chiang responsible for the Communist victory is that he could have made a settlement with the Communists several years ago or even six months ago. It is hard to believe that Moscow-trained Chinese Communists¹³ would not have followed the same policy in a coalition government as Moscow-trained Eastern European Communists and that a coalition government would have very quickly become a straight Communist Government. There are so many grounds for attacking Chiang that it seems unfortunate to attack him for what

¹³ La note marginale suivante fut ajoutée par après:

The following marginal note was added later:

Only Li Li-san. The main leaders have no foreign training except Chou En-Lai who obtained a smattering of French while working in a French factory. CA R[onning] Aug 21/52

was probably one of the few times he acted sensibly when he rejected United States advice—advice which Mr. Acheson would, I am sure, now regret that the United States ever gave China.

6. Mr. Davis emphasized the incorruptibility and efficiency of the Chinese Communists as contrasted with the Chinese Nationalists. I imagine that many of the very expressions which he used were used frequently by foreign observers in Italy following the coming into power of Mussolini.

7. Mr. Davis emphasized the importance of recognition of the fact that the way to combat the advance of Communism was to raise the standard of living of the people of Asia. He apparently concluded from this that it was in the Western interest to assist in raising the standard of living of Communist China. However, there is only a limited amount of assistance which the West can give to raise the standards of living of the Asiatic peoples; therefore, anything which goes to Communist China will be taken away from what might have gone to South East Asia, India, Pakistan and the Middle East. The logical deduction from Mr. Davis' argument is, therefore, that we should give nothing to China since this would diminish the assistance which we can give to non-Communist Asian states.¹⁴

E[SCOTT] R[EID]

1049.

DEA/50055-B-40

*Note de l'ambassadeur en Chine
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Ambassador in China
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], November 2, 1949

MEMORANDUM FOR THE MINISTER ON THE RECOGNITION OF THE
NEW COMMUNIST GOVERNMENT OF CHINA

Present Position in China

1. The Chinese Communists are in control of the greater part of the mainland of China and will at their timing be in control of the rest. Some time may elapse before they secure control of Formosa but unless there is foreign intervention they will in time secure control thereof.

2. The Communists have set up a government and have solicited recognition from the nations of the world.

3. Russia and her satellites have granted recognition.

¹⁴ Note marginale/Marginal note:

Mr. Reid. I recognize the inconsistencies of T.D.; nevertheless with his most important conclusion viz. that we must recognize the facts of Nationalist bankruptcy & Communist strength I am in complete agreement. Oct. 28 A H[ceney]

Should the Western Powers Grant Recognition in Light of these Facts?

4. This involves the question of unconditional recognition or an attempt to recognize on certain conditions. To recognize conditionally means bargaining with the Communists for concessions and agreements in exchange for recognition.

5. I believe that if the new Government is such as to be entitled to recognition in accordance with international usage that unconditional recognition should be granted. I feel that the Communists will accept nothing less than unconditional recognition and to attempt to bargain will be futile and only earn greater enmity from them. In any event, what value would any such conditions have after recognition even if agreed to?

Conclusion

If there is to be recognition, then it should be unconditional.

What Is to Be Gained by Refusing Recognition?

6. Is anything to be gained by non-recognition? What is to be gained by delay in recognition? Will the failure to recognize result in an economic blockade of China or in other words imposition of economic sanctions? Will such blockade have such a serious effect on China as to contribute to the eradication of Communist control of China? Will it force the Communists to accept conditional recognition?

Conclusion

I believe that Communist control of China through their military forces is so secure and will continue to be such that China will continue to be under Communist domination regardless of what transpires in the economic or political field. Communists have control of China not because of approval or consent of the masses but because of defaults of the Nationalists and military power of Communists. To break this control is a long term project and will only result through the failures and defaults of the Communists—internal hardship due to blockade or otherwise will have virtually no effect.

Are the Communists of China Real Communists or a Chinese Special Brand thereof?

7. At this stage there is no use arguing whether Chinese Communists are real Communists or a different brand altogether or whether Russia will dominate and control China as she does her Eastern satellites.

The fact is that a group calling themselves Chinese Communists with a leadership professing a belief in Marxist Communism and recognizing leadership of Russia in this field, controls China.

8. It may be that in the years which lie ahead this group may deviate from Orthodox Communism and refuse to follow the spiritual or actual leadership of Russia. Time alone will answer this question. Personally, I think that China will be China long after Communism ceases to be a factor in the world.

Conclusion

Our policy should be based on the assumption that the Chinese Communists are real Marxian Communists carrying out in China the policies which Russia has

adopted within the confines of that country. We should also go on the basis that China will be a complete satellite of Russia in the international and domestic field.

Where Does this Conclusion Lead Us?

10. Can we serve our interests better by sitting on the outside looking in or on the inside looking out with a foot in the door?

Conclusion

(a) By refusing recognition or so long delaying the same as to have same effect, we will drive China into greater dependence on Russia and make China increasingly hostile to Western world,

(b) By recognizing the new regime and thereby regularizing relations and enabling contacts to be made, we will make possible the influencing of future trends in China by the Western Powers.

Final Conclusion on Recognition

Canada should grant the early unconditional recognition of Communist regime in China.

Timing of Recognition

11. The actual matter for consideration is one of timing. No one knows what the United States will do and it is doubtful if they know themselves. They are sure to procrastinate for months and I think we may assume non-recognition by the United States for at least a year. This conclusion may be wrong.

12. Every attempt should be made to secure common action by Western Nations but if United States cannot make up her mind within a reasonable time, then rest of the Nations should attempt to coordinate theirs.

13. The United Kingdom will want to recognize at once as will India.

14. There should not be too much haste but no undue delay. Action should be taken in a month or so, preferably after the conclusion of present sitting of the General Assembly of the United Nations.

15. If the United Kingdom decides to act, perhaps other Western Nations should recognize one at a time with some space between instead of all acting at once and emphasizing American position. Successive recognition may give United States time to formulate policy and not put United States on spot as only nation withholding recognition. We must not forget that trade opportunities will open up on recognition and you can rest assured that the British will make hay while the sun shines. We had better get in soon enough to prevent our finding ourselves in an unfavourable position. Remember "too little and too late."

Conclusion

That United Kingdom use her own judgment as to when she grants recognition. If she decides to do so that other Powers act successively and that Canada move in behind India and perhaps some Western European Powers.

T.C. DAVIS

1050.

DEA/50055-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], November 4, 1949

POLICY TOWARDS COMMUNIST CHINA¹⁵

I. SIGNIFICANCE OF COMMUNIST ACCESSION TO POWER IN CHINA

A. *For China*

The Chinese Communist Party now controls all of continental China except a sizeable pocket in the Southwest (Kwangsi, Kweichow, Yunnan, Szechwan and Sikang) and fragmented areas in the Northwest. Although remaining National Government forces in these areas are still substantial (350,000), morale is low and the areas can be expected to fall under Communist control inside the next year. Formosa, with 400,000 troops, naval units, airforce and \$300 million gold reserves under the control of Generalissimo Chiang Kai-shek, is more defensible. However, reports indicate that morale is low on the island also and present expectations are that the Communists may not have too great difficulty in picking off this island.

2. The "Central Government of the People's Republic of China" was proclaimed in Peking on October 1, 1949, with *Mao Tse-tung* as President and *Chou En-lai* as Premier and Foreign Minister. Other cooperating parties and individuals are represented, but effective control is held by the Chinese Communist Party.

3. The new regime has invited recognition from foreign governments on a basis of equality, friendship, respect for territorial integrity and withdrawal of recognition from the National Government. The Soviet Union and its satellites, including Yugoslavia, promptly accorded recognition on this basis. No other state has yet done so.

4. The significance of these developments for the Chinese people is probably more profound than most of them realize. A small revolutionary party, espousing an alien philosophy and looking to the Soviet Union as the laboratory of that philosophy and as a guide in international relations, has seized military and governmental power. They have done so by riding in on the crest of a wave of peasant revolt begun 100 years ago during the great Tai-ping Rebellion, by building a tough

¹⁵ Une copie de cette note fut envoyée au premier ministre le 24 novembre 1949. Elle servit de base à la formulation des instructions émises à l'endroit du haut-commissaire au Royaume-Uni, pour servir aux discussions avec les collègues du Commonwealth ainsi qu'au rapport du ministre au Cabinet, le 16 novembre. Voir les papiers St-Laurent, volume 233: A.D.P. Heaney, note au premier ministre, le 24 novembre 1949.

A copy of this memorandum was forwarded to the Prime Minister on November 24, 1949. It was also the basis for instructions sent to the High Commissioner in the United Kingdom for discussions with Commonwealth colleagues as well as for the Minister's report to the Cabinet on November 16. See St. Laurent Papers, volume 233: A.D.P. Heaney, Memorandum for the Prime Minister, November 24, 1949.

peasant army during the war of resistance to Japan, by exploiting the failures of the National Government, and by shrewd political manoeuvring in the Chinese manner. They have absorbed some non-Communist "liberal" elements within the structure of their government, but power rests firmly in Communist hands through control of the key posts. Having secured the upper hand they must now use it to govern 450 million individualistic, tradition-steeped Chinese spread over a relatively poor and underdeveloped country.

5. In the fields of economics, land redistribution will probably be carried out to the extent that large landowners will be eliminated. Considerable constraint must be applied to the farmers, however, to ensure that the rural areas contribute towards the promotion of industry. Industrialization of the country will be a prime objective of the regime. To attain this end, farmers, capital and labour will be expected to cooperate. An end will be put to the operation of "bureaucratic" capitalists, such as the Soong family, but at the present stage "patriotic" or "right-minded" capitalists will be permitted to function.

6. China will probably not be a significant military power for some years to come, but her military efficiency will be improved under the Communists. China must now be regarded as a potential enemy state and would probably side with Russia in the event of a general war breaking out at this time.

B. For South-East Asia

7. Throughout the territories of South East Asia, Communist parties of varying degrees of strength and energy are causing disturbances. There are, of course, indigenous factors which encourage the spread of communism in South East Asia. In some areas, such as Indo-China, Indonesia and Malaya, the native urge for self-government is strong. In these countries the Communists identify themselves with the call for national self-expression. Where this has been achieved, as in Burma, the Communists become ultra-nationalistic, so that they may attack the established governments. They are aided by the economic difficulties which beset these governments. Communist agitation has fertile ground to work upon, for the war has left the territories of South East Asia in a sorry economic state, wherein dissatisfaction is easily bred and the people still harbour deep anti-colonial feelings.

8. The Chinese Communists, as a result of their victory must inevitably exert a powerful influence upon the other Communist groups in Asia. That there is cooperation and exchange of information between Communists in the various territories of South East Asia has been confirmed by intelligence reports. The Chinese Communists are the most experienced and strongest party and their leader, Mao Tse-tung, speaks with authority on doctrine and tactics. They are able to maintain contact with Communists in territories of South East Asia through the large Chinese populations in these areas. It has long been the policy of the Chinese to exert influence in other countries through overseas Chinese populations. Then too the Communists in China have grappled with the problem of adapting the theories of Communism to a primarily agricultural state and are conversant therefore with conditions which would be encountered by a Communist regime gaining power in South East Asia. It is true that throughout South East Asia there is considerable fear of Chinese expansion. In foreign policy, however, the Chinese Communists have

adhered closely to the orthodox Cominform line and they can therefore present themselves to co-workers in other countries as an international party.

9. When the Communists have established themselves in a South and West China, they will be in position to bring direct pressure to bear upon Hong Kong, Indo-China, Burma and Tibet, not only by means of propaganda, but also by such activities as the supplying of arms to Communist dissidents, or even by aggressive military action.

C. For Western Powers

10. Accession to power of the Communists in China has confronted Atlantic Pact powers with considerable strategic and political problems. The American position in Japan has been threatened by the establishment of a potentially hostile power on the Chinese mainland, undermining the usefulness of Korea and Formosa, as military bases. In South East Asia, the source of vital raw materials, the strategic position of the Western Powers is threatened by the menace of the spread of communism, given impetus by successes scored in China.

11. As regards China itself, the powers are confronted with the emergence of another Communist state which may succeed in gaining international recognition, resulting in the Soviet Bloc obtaining another seat on the Security Council of the United Nations. It cannot be judged at this time, however, whether China would be a servile follower of Russia in all United Nations deliberations. Communism would gain a stronger role in the direction of Asian affairs through Chinese membership on the Far Eastern Commission, the Economic Commission for Asia and the Far East, and the Allied Council for Japan. A further consequence would be the dissemination of Communist propaganda abroad through diplomatic missions and overseas Chinese communities.

D. For the Soviet Union

12. Soviet Russia will replace the United States as the most influential foreign country in China. Russian political prestige and influence will increase not only in China, but also in South East Asia and in fact throughout the whole of the Far East. Russia will thus be provided with an opportunity to attempt to distract the Western powers from their work for the political and economic restoration of Western Europe and to try to divide them from one another by endeavouring to exploit any differences in their counter-measures in the Far East.

13. As regards China, it is thought possible that, because of the strongly ingrained Chinese dislike and suspicion of foreign meddling and in view of the independent growth of the Chinese Communist Party, the degree of influence exercised upon China by Soviet Russia may be in inverse ratio to the extent of direct Soviet interference in Chinese affairs. It may be that the rulers of Soviet Russia, mindful of the lesson taught in Eastern Europe, will be willing to permit Chinese Communism to develop along nationalistic lines.

14. Assuming that, in the event of war, China would be aligned with Russia, the Soviet Armed Forces would stand to obtain military bases in China which would afford depth protection to the Eastern territories of the Soviet Union, and would increase the range of possible Russian offensive action in the Far East. The

immense resources of China's manpower would also probably be made available to the Soviet Union for military or labour service. In any event, Russia will, in all likelihood, have free access to such strategic materials, which are produced in China, as tungsten, tin and antimony (China is the only country in the world having antimony in supplies adequate for export).

II. WESTERN POLICY TOWARDS COMMUNIST CHINA—ALTERNATIVES

15. It is necessary to consider the tactical objectives of Western policy towards Communist China, granted that the main strategical aim should be directed towards attempts to prevent the Chinese Communists from

- (i) Tipping the scales in other parts of the Far East in favour of Communism.
- (ii) Imposing upon China a thoroughgoing totalitarian Communist system.
- (iii) Making China a satellite or an effective ally of the Soviet Union.

These admittedly are negative objectives, but probably easier, on that account, to secure agreement upon at this stage. To attain these objectives there would seem to be two alternative approaches. The Western Powers might *either* attempt to promote by negative and positive actions increasing discontent and disorder in Communist China, with the intent of making the task of the Chinese Communist Government as difficult as possible; *or* they might attempt to prevent China from falling completely within the Soviet orbit by seeking to maintain as many as possible of the links between China and the Western world, and endeavouring to strengthen and assist the more moderate elements in the Chinese Government.

16. An appraisal of these alternatives requires an analysis of two major aspects of the problem: *A.* the likelihood of the Communist regime getting a firm grip upon China, and *B.* the likelihood of the Chinese Communists permitting their country to become closely integrated with the Soviet system. Since cogent arguments may be advanced both for and against each of these suppositions, they will be considered separately.

A. Likelihood of the Communist Regime Getting a Firm Grip upon China

17. Arguments for:

- (i) Organized military resistance in China has all but collapsed and there seems nothing to prevent the comparatively efficient Communist armies from establishing control over most of China proper.
- (ii) The Communist leaders, capable and resolute, are at the head of a strong, coherent central government, organized on the principle of state control both of thought (through propaganda methods and control of news dissemination and of education) and activity (by control of trade, banking and communications).
- (iii) The notorious political inertia of the Chinese masses may well cause them to fall easily under the domination of a determined few who possess the sources of power and who know how to use it.
- (iv) In contrast to the cynical behaviour of the Kuomintang regime, the Communists have so far been able to give at least the illusion that they are governing for the benefit of the country and of the people.

18. *Arguments against:*

(i) Geographically China is and always has been most difficult to rule as a unit, not only because of its size, but also because formidable natural barriers divide it up into sections. Lack of communication facilities renders the task of centralized control more difficult, hence some of the distant outlying regions have frequently been able to maintain themselves in a state of semi-autonomy.

(ii) The task of administering all China is at the present time beyond the capacity of the Communists by themselves. They have had to enlist the aid of many who, while not adherents of Communism, are nevertheless ready to support the Communists, either for reasons of practical expediency or because this was the only way by which they could express opposition to what they regarded as a corrupt and inefficient Kuomintang regime; these include many civil servants, technicians, bankers and business men, liberal politicians, non-party intellectuals and even former Nationalist generals. Together with the inert mass of the peasantry, they will provide stubborn opposition to the thorough-going communisation of China.

B. Likelihood of the Chinese Communists Permitting Their Country to Become Closely Integrated with the Soviet System

19. *Arguments for:*

(i) Alliance with the Soviet Union would have much to offer the Chinese Communists at the moment:—great moral and some material support for the carrying out of the revolutionary programme, military security, and a bargaining position from which to deal with other nations.

(ii) There exists a tradition of intimate relationship between Soviet Russia and the Chinese Communist Party, which was founded under the auspices of the Third International and the guidance of Russian advisers.

(iii) Mao Tse-tung, who was a member of the Executive Committee of the (Soviet) Comintern until its "dissolution" in 1943, has guided his party along a fairly orthodox Marxist-Leninist course.

(iv) In foreign affairs, the Chinese Communist Party has so far followed the Moscow line, including the passing of censure on Tito of Yugoslavia.

(v) The Chinese Communist Government has already been recognized by the Soviet Bloc.

20. *Arguments against:*

(i) There are natural points of conflict between Soviet Russia and Communist China. Chinese national interests are presently or potentially threatened by Soviet imperialism. In Manchuria the terms of the Sino-Soviet Treaty of 1945 gave Russia a military and naval base in Dairen and joint control of the former Chinese Eastern Railways. A considerable part of Northwestern Manchuria has already come under Soviet domination, and Soviet pressure upon Manchuria, China's richest area, is increased by Russian control of North Korea. Russian seizure of Manchuria's industry in 1945-6 wrought great devastation on territory which would be the first to come under the control of the Chinese Communists. Soviet pressure is, in fact, felt all along the extensive Sino-Soviet border. A section of the far western province of Sinkiang has already passed under Soviet control and Soviet agents are

active in Inner Mongolia and amongst the Mongols and Moslems of the North West.

(ii) The Chinese are strongly xenophobic and Mao and his colleagues will probably resent encroachments by Russia as much as those perpetrated by other powers.

(iii) The Chinese Communist Party fought a long drawn-out war for its existence apparently without direct aid from Soviet Russia.

(iv) Mao Tse-tung has given evidence that he regards himself as the absolute authority for the Chinese Communist Party and that he may not be willing to subordinate what he considers to be the interests of China to any other interests.

(v) China is not dominated by Russia, as the European satellites are, because of size and proximity.

(vi) The Chinese are the natural leaders of Communism in Asia; this may not be to the Soviet liking.

(vii) The Chinese Communists need capital goods for the carrying out of their industrial programme. The Atlantic Pact Powers can more easily supply these goods than can Russia.

(viii) The Chinese have for long been enthusiastic foreign traders. They have a vast maritime seaboard from which the main channels of commercial traffic have naturally been across the Pacific and towards the Indian Ocean.

21. To sum up, one might conclude that the Chinese Communists will probably be able to establish soon a fairly firm grip over most of China, but, for a considerable period, they will be compelled to rely on the cooperation (obtained by whatever means) of large non-Communist elements. It is impossible at this stage to estimate the degree of relationship which will exist between Communist China and Soviet Russia.

III. TRENDS OF POLICY—OTHER COUNTRIES

22. It is still too early to perceive a clearly defined policy on the part of any North Atlantic country towards the Chinese Communists but in some cases there are discernible trends.

A. United Kingdom Policy

23. The British line in general is to face the fact of Communist control of China and make the best of it. It seems likely that the British would be in favour of recognizing the Communist Central Government, when it has given evidence that it could effectively control most of the country, on the principle that recognition is one of *fait accompli* and does not constitute moral approbation. The British incline towards the view that commercial relations with China (other than traffic in materials of definite strategic value) would not greatly strengthen the country from a military point of view, but, by enabling the democracies to "keep a foot in the door", might combat the tightening of relations between Communist China and Russia. Withholding of goods needed by China might cause hardship, but the British doubt that it would undermine the Communist regime.

24. The British attitude is naturally coloured by the fact that they have extensive vested commercial interests in China and by their desire to keep Hong Kong functioning as a wealthy entrepôt.

25. The United Kingdom Government has not appointed a Chargé d'Affaires to accompany the fugitive Nationalist Government; after the withdrawal of Sir Ralph Stevenson, the Minister (Commercial) assumed charge of the British Embassy in Nanking. British Consulates within Communist territory are remaining open and the British are making efforts to establish "informal consular relations" with the Communist authorities.

26. The United Kingdom Government has instructed its Delegation in New York to abstain from all discussions and voting during the debate in the United Nations on the Chinese complaint against Soviet Russia's alleged violations of the Sino-Soviet Treaty and of the Charter of the United Nations.

B. United States Policy

27. The United States attitude has so far been less positive than the British. Issue of the "White Paper" on China by the State Department has left no doubt about the fact that the United States Government considers the Nationalist Government of China to be totally bankrupt and unworthy of further support. On the other hand, the effect upon public opinion of the realization of failure of American policy in China makes it inevitable that the United States Government will be very cautious over reaching conclusions about a new China policy. The President has appointed a Panel of Special Advisers on China.

28. For the United States it is probable that the strategic considerations weigh heavier than economic, in the matter of relationship with the Chinese Communists. The extent of the United States commercial stake in China does not approximate the British. The United States Government has so far evinced a disposition to regard Communist China as within a hostile camp and therefore as a country which should not be assisted. Isolation might cause distress and disaffection within China, possibly imposing so severe a strain upon the Communist Government as to cause its marked weakening or collapse. The State Department has already intervened to prevent deals being concluded by American commercial concerns with the Communists. There is no doubt, however, that strong opposition to this line will be felt from American business interests.

29. It is not likely that the United States Government will be willing to extend early recognition to the Chinese Communist Government. An undertaking has been given to Congress that the Government will not accord recognition without consulting that body. The United States may possibly attempt to dissuade the British from hasty action in recognizing the Communist regime. In any event, the United States Government has reiterated the desirability of close consultation with other friendly powers, in order to maintain a common front in the matter.

30. The United States still maintains liaison with the Nationalist Government. With the recall of Ambassador Stuart from Nanking, the United States Government appointed a Chargé d'Affaires to conduct relations with the Nationalist Government at Canton. Subsequent to the fall of Canton, an officer was sent to the New provisional capital at Chungking in the capacity of Chargé d'Affaires. Many of the

United States Consulates in Communist-held China have been closed down and others greatly reduced in strength, the State Department regarding its officials in Communist China in the light of hostages (where United States Consulates have been closed, United Kingdom Consulates have assumed protection of American interests, so far as that is possible).

31. The United States Delegation at the United Nations is apparently prepared to discuss the Chinese complaint against Russia.

C. Indian Policy

32. India has given signs that she would be disposed to accord early recognition to the Chinese Communist Government, once that Government became effectively established. It is possible that India might even anticipate the United Kingdom in this regard. The Indian attitude appears to be based on the idea that the establishment of relations with the Peking Government would afford the best chance of Communist China developing along nationalist rather than satellite lines. It is not unnatural for India, the most important country in Asia, to give the lead in this matter. As an Asiatic power and former subject territory, India is not likely to be greatly apprehensive of the economic and social aspect of the revolution in China; India does, however, dislike the autocratic characteristics of the Communist Government and is suspicious of Chinese expansionism (infiltration into Tibet would bring the Chinese Communists upon India's border).

IV. PRECAUTIONS TO BE TAKEN

33. On the assumption that the Chinese People's Government is a regular Communist regime, it is incumbent upon the Western Powers to take thought as to what precautionary steps should be taken or encouraged immediately.

A. Counter-measures in China

34. It appears that China must now be written off from a military point of view and that no purpose would be served by actively supporting groups still opposing the Communists in the field. There is, in fact, considerable danger that materials sent to such groups would ultimately find their way into Communist hands.

35. It is open to question whether either of the alternative policies discussed in paragraph 12 above would effectively lessen Communist pressure upon South East Asia.

B. Counter-Measures Outside China

36. (i) Supervision, from the security point of view, of Overseas Chinese communities and of Chinese immigration.

(ii) Prohibition of the export of strategic materials to China.

(iii) Monitoring and countering of Chinese Communist propaganda, particularly in South East Asia.

(iv) Guarding against "gun-running" from China into neighbouring states, for the arming of insurgent elements, and against the despatch from China of agents.

(v) A review of the overall strategic position in the Far East.

37. There is danger of the East collapsing before the Communist tide, while the democratic nations devote most of their strength and resources towards bolstering their position in other areas. The fall of the East to Communism would entail the loss to the democratic powers of a store of vital strategic materials.

38. It would clearly not be in the interests of the Western powers to conclude a peace treaty with Japan without making adequate security arrangements to protect their strategic position in the Pacific. The United States might deem it necessary to postpone further the convening of a Peace Conference for Japan.

39. The most effective antidote to the spread of Communism throughout South East Asia would be the promotion of economic prosperity and social stability, the encouragement of legitimate nationalistic aspirations (e.g. Indonesia, Indo-China) and the strengthening of existing moderate native governments (e.g. Burma). Communism is taking advantage of post-war economic disintegration to cause trouble both to newly established native governments whose nationalistic instincts do not prompt them to look with favour upon Communism, and to colonial administration.

40. To achieve results it would probably be necessary for the interested Western powers to agree upon coordinated action (economic, political, military) to stem the tide of Communism in the East, as they have done in Europe. Perspective must be kept in view, however, since the strategic importance of the Far East to the Atlantic Pact powers is counted after that of Europe and the Middle East. Faced with the probability that Communist pressure can be exerted simultaneously in all these regions, it is a matter for fine calculation as to the resources which may be expended to bulwark the Far East, without doing fatal damage to the position of the democracies in Europe and the Middle East.

V. GENERAL CONCLUSIONS

41. It would seem premature at this time to attempt to evolve a decisive policy towards Communist China. On an assessment, however, of the factors mentioned in Section II above, it might seem worth while for the democratic powers to accept the risk of according recognition to the Chinese Communists before being confronted with the necessity of doing so (since recognition will probably have to be given ultimately) and even maintaining commercial relations with them, providing they gave evidence of according some quid pro quo (it should be remembered that trade could at any moment be shut off). Taking it that (1) the Communists are relying today on the assistance of considerable non-Communist elements and (2) natural points of conflict between Communist China and Soviet Russia exist, then the according of recognition and maintenance of commercial relations by the Western Powers might (a) strengthen the position of the non-Communist elements in China; (b) keep open channels for the infiltration of democratic propaganda through the activities of Western businessmen, missionaries, etc; (c) encourage conditions favourable to the exploitation of the natural points of conflict between China and Russia, by keeping China dependent upon imports from the West for her economic well-being and progress. So long as the Soviet and satellite ambassadors are left in Peking untroubled by Western rivals, they will be able to exert the maximum influence upon the Communists at a time when the latter may be at an impressionable

stage, i.e., it is possible that the mind of the Chinese Communist Government is not yet closed as far as foreign relationships go.

42. Since the Western Powers are prepared to count China within the Communist Camp, they would apparently stand to gain more if this policy were successful and China were kept from full investigation with the Soviet, than they would lose if it failed. In the latter contingency impetus would have been given to the industrial capacity of a potential enemy but China has far to go before her industrial capacity can be significant in a military sense. It is doubtful whether refusal of the Western Powers to trade with China would bring down the Communist Government. In that event the Communist leaders, ruthless and with power in their hands, would probably forego for the time being their programme for industrial development, concentrating upon agriculture (for China is now primarily an agriculture state), building up small domestic industry and shopping for capital goods wherever they could obtain them (Russia and her satellites could probably ship a certain amount of these materials to China).

43. In short, the Western Powers should prepare against the worst results ensuing from the Communist victory in China but they might take positive steps to lessen the effects of this victory.

VI. CANADIAN INTERESTS

44. The above general conclusions may be related to Canadian policy with regard to the following matters: A. Domestic Security, B. Relations with Communist China.

A. Domestic Security

45. Canada has a large and highly organized Chinese population, which has characteristically remained closely attuned to the political situation "at home". To what extent this community is open to Communist infiltration is not known. It has, however, been suggested to the Security Panel that steps be taken to keep watch upon the activities of the Chinese in Canada from a security point of view, and to consider what, if any, further precautions should be taken with regard to Chinese immigration.

B. Relations with Communist China

46. Canadian interests in China are not extensive. It would not be appropriate, therefore, for Canada to take the initiative with regard to relations with Communist China, nor, from the point of view of public opinion, would it be politically wise to do so. The United Kingdom, United States, and other interested governments, including Canada, are consulting about these matters, endeavouring to reach agreement as to when or if recognition should be accorded and what type of export controls should be applied to trade with China.

47. In the matter of export controls, it is not practicable for Canada to be at great variance from the United States. It is recommended that, after controls on exports to China have been instituted by the United States, we should, if requested by the United States or the United Kingdom, agree to put China under "area control" and prohibit the export of "1 (a) list" goods, i.e. goods of definite strategic value. It is

considered, however, that we should approve the export of other items, provided the amounts are consonant with normal Chinese requirements.

48. With regard to recognition, we have conveyed to the Communist regime that we are studying their communication to the effect that diplomatic relations should be entered into and have observed that in the meantime, and without prejudice to the question of recognition, our consular officers should be permitted to carry out their normal functions.

49. It is considered that we should make no move towards recognition before India and the United Kingdom, but we should be prepared to consider recognizing the Communist Government in China shortly after the United Kingdom and India have done so. Meanwhile, despite the fact that no official status is now accorded to our representatives in China, we should, in anticipation that recognition will ultimately be extended, maintain our Embassy Office in Nanking and our Consulate General in Shanghai, and should suggest to the Department of Trade and Commerce the advisability of retaining the Commercial Secretary in Shanghai. We should not send officers to the Communist capital, Peking, at this time.

50. Particular Canadian interests, which should be consulted, when considering the establishment of relations with the Chinese Communists, are:

(1) The non-military portion of the Sino-Canadian loan of 1945 (it would be useful, for the purposes of re-negotiation, to take steps to have an inventory prepared of the goods purchased under the loan and their disposition).

(2) The Ming Sung Loan of 1946 (guaranteed by the Canadian Government).

(3) Welfare of Canadian missionaries. (It should be remembered that there are still some 250 Canadian missionaries in areas remaining under Nationalist control.)

(4) Activities of Canadian commercial concerns, such as the Canadian Pacific Steamships, Canadian Pacific Airways, Aluminum Limited, etc.

(5) Canadian property rights (re-registration, etc.).

(6) Freedom of travel for Canadians.

A.D.P. H[ENEY]

1051.

DEA/50055-B-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], November 16, 1949

CHINA

You will recall that we recently sent to the High Commissioner in London, who was about to attend a meeting on China between the Commonwealth High Com-

missioners and Mr. Bevin,¹⁶ our preliminary views concerning recognition of the Chinese Communist Government. You wished Cabinet to be informed of the action taken. Mr. Wilgress was therefore told that the preliminary Canadian views were subject to confirmation by Cabinet. I attach a background memorandum on this subject in case you might wish to make a report on it to Cabinet.

A.D.P. H[ENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Affaires extérieures

Memorandum by Department of External Affairs

SECRET

[Ottawa], November 15, 1949

CHINA SITUATION—RECENT DEVELOPMENTS (RELATIONS WITH CHINESE COMMUNIST GOVERNMENT)

I. United Kingdom Aide Memoire

On October 31 our High Commissioner in London received from the United Kingdom Government an aide memoire, giving their views concerning recognition of the Chinese Communist Government. Before reaching a decision, they wished to consult other Commonwealth Governments and it was proposed that this should be done at a meeting between Mr. Bevin and Commonwealth High Commissioners in London on November 10. No report of the meeting has yet been received.

2. The United Kingdom conclusion is that on political, legal and practical grounds *de jure* recognition should be accorded the Chinese Communist Government, which now controls most of the Chinese mainland. Their view is that establishment of diplomatic and commercial relations with the Communist regime might help to prevent the cementing of relations between China and Russia. It is apparently their intention not to endeavour to extract firm guarantees from the Peking Government, but to assume that the Communists would inherit the obligations and treaties of the Nationalist Government with the according of recognition.

II. Views of Other Countries

3. India is apparently¹⁷ disposed to accord early recognition, as affording the best chance of Communist China developing along nationalist rather than satellite lines. Australia is likely to follow the United Kingdom lead. France and the Netherlands seemingly accept the principle of recognition, but would not wish it to be accorded

¹⁶ Un rapport de cette réunion fut divulguée à la presse, apparemment par le Foreign Office. La *Gazette de Montréal* en publia un compte rendu le 21 novembre 1949.

A report of this meeting was leaked to the press, apparently by the British Foreign Office. The *Montreal Gazette* published an account on November 21, 1949.

¹⁷ Un échange subséquent fournit au gouvernement canadien un exposé détaillé du point de vue indien, lequel était semblable au point de vue canadien.
A subsequent exchange provided the Canadian government with a detailed exposition of Indian views, which were similar to Canadian ones.

before the new year. The United States, influenced largely by strategic considerations, would not be in favour of early recognition.

III. Preliminary Canadian Views

4. The Canadian Ambassador to China, Mr. T.C. Davis, who has returned for consultation, advises that there is no prospect of the Nationalist Government maintaining resistance; that ultimate recognition will have to be accorded the Communist regime; and that, for the protection of our interests in China, we should be prepared to extend recognition at the appropriate time.

5. As a result of discussions held within the Department, the following preliminary conclusions have been reached:

6. The Chinese Communist Government has now pretty well fulfilled the usual requirements in international law for *de jure* recognition. It has effective control over most of China; governs with the apparent acquiescence of the majority of the population; and seems to be free from direct external control.

7. The political arguments in favour of recognition without too great delay appear to outweigh those against recognition. Since the Communists in China are relying today upon the assistance of considerable non-Communist elements and since natural points of conflict exist between China and Soviet Russia, the according of recognition and the maintaining of relations by the Western Powers might:

(1) Strengthen the position of the non-Communist elements in China;

(2) Keep open channels for the infiltration of democratic propaganda through the activities of Western business men, missionaries, etc.;

(3) Encourage conditions favourable to the exploitation of the natural points of conflict between China and Russia, by keeping China dependent upon imports from the West, for her economic well being and progress.

Inasmuch as the Western Powers are prepared to count China within the Communist camp, they would apparently stand to gain more if this policy were successful and if China were kept from full integration with the Soviet than they would lose if it failed.

8. Canadian interests in China are not great, hence it would clearly be inappropriate for Canada to take the initiative regarding recognition. It would seem desirable that no move should be made until after the present Session of the General Assembly of the United Nations.

IV. Instructions to the High Commissioner in London

9. As time was too short to refer the matter to Cabinet, the Canadian High Commissioner in London was instructed to present preliminary Canadian views, in accordance with these conclusions, and to observe that the views expressed were subject to confirmation by Cabinet. The High Commissioner was informed that we were inclined to consider granting *de jure* recognition to the Chinese Communist Government, but that we would not do this before the United Kingdom, or probably India (as the leading Asiatic nation). We emphasized the importance of continued close consultation between North Atlantic and Commonwealth powers on the matter of recognition of the Peking Government.

V. Future action

10. It was considered necessary to arrive at a preliminary view concerning relations with the Communist Government in China, not only in order to advise the Canadian High Commissioner in London as to what line he should take at the Conference with Mr. Bevin, but also to clarify our attitude regarding such topical questions as export control to China, the Chinese Government's complaint to the United Nations against Russia, etc. Reference will, of course, be made to Cabinet before any action towards recognition is taken.

PCO

1052.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

Ottawa, November 16, 1949

TOP SECRET

CHINA; RECOGNITION OF NEW GOVERNMENT

15. *The Secretary of State for External Affairs* said it was anticipated that the U.K. government would extend *de facto* recognition to the Chinese Communist government before the end of the year. Similar action would probably be taken by other countries.

Recent developments indicated that the Chinese Communists would probably have gained effective control of most, if not all, continental China in a relatively short time. In the circumstances, it was suggested that Canada should, at some future date, extend recognition to the new Chinese government but that no action should be taken in this matter prior to the conclusion of the present session of the U.N. General Assembly.

(External Affairs memorandum, Nov. 16, 1949).

16. *The Cabinet*, after discussion, approved in principle extension of recognition to the Chinese Communist government but deferred decision as to when such action might be taken.

DEA/4457-40

1053.

Aide-mémoire de l'ambassade des États-Unis
pour le secrétaire d'État aux Affaires extérieures

Aide-Mémoire from Embassy of United States
to Secretary of State for External Affairs

Ottawa, November 21, 1949

AIDE-MEMOIRE

The Embassy of the United States of America at Ottawa has been instructed to transmit to the Secretary of State for External Affairs the following personal message from the Secretary of State of the United States:

"I would like to emphasize the importance of concerted action by those countries which respect international law to protest the treatment being accorded United States Consular personnel in Mukden, China. Since late November 1948 the entire United States Consular staff and their families have been detained under house arrest inside the Consular compounds. All communications between the staff and the United States Government have been strictly controlled by the local authorities, and there was one period of almost seven months when no communication of any kind was possible. At the present time communication is permitted only at the will of the local authorities, and it is not possible for the Consular staff to report their situation in an effective manner.

"Because of this kind of treatment it was impossible for the Consulate to perform any of its functions, and on May 19, 1949, the United States Consul General at Peiping, under instructions from the United States Government, notified the appropriate authorities there that the Consulate was being closed, and asked that arrangements be made for the safe exit of the Consular personnel and their families. On June 21, 1949, the Communist authorities at Mukden notified the Consul General that he and his staff would be permitted to depart and that transportation facilities would be made available.

"These assurances have not been honored. On October 25 the Chinese Communist press and radio announced that Consul General Angus Ward and four members of his staff had been arrested on October 24, 1949. So far as is known, they have been in prison since that time. The local authorities at Mukden have not permitted the Consular staff to make a report concerning the facts in the case. So far as the United States Government has been able to determine, the Consular staff has not been permitted to get in touch with Mr. Ward or the four members of his staff, and has not been informed of the date of any hearings which may be held or permitted to make arrangements to protect Mr. Ward's interest at such hearings. The United States Government has not been informed in any way, except by press and radio reports, of the reasons for the arrest of Mr. Ward and the four members of his staff. The efforts of the United States Consul General at Peiping to determine the facts in the case and secure the release of Mr. Ward and the others have been completely ignored.

"The international practice of civilized countries for many years has recognized that Consuls should be accorded all the privileges necessary for the proper conduct of their duties. Although Consuls do not have diplomatic immunity, it has been the universal practice, because of the public and official character of their duties, to permit them and their staff freedom of movement, and in the event that any criminal charge is made, to permit them to remain at liberty on proper arrangements for bail, with unlimited freedom to communicate with their governments with respect to official business.

"The treatment accorded to Mr. Ward and to the American Consular staff in Mukden is in direct violation of the basic concepts of international relations which have been developed throughout the centuries. As such, it is of direct and immediate concern to all countries interested in diplomatic intercourse, particularly to those with missions or Consulates in China. I ask you, as a matter of

urgency, to express to the highest Chinese authorities in Peiping, through such channels as may be available to you, the concern which your Government undoubtedly feels over the treatment of the American Consular staff in Mukden who have been arbitrarily deprived of their freedom for one year. I am sending a similar communication to the Foreign Ministers of other countries which have representatives in China."

The Embassy will be grateful if the Department of External Affairs will keep the Embassy informed of any action taken by the Canadian authorities.

It may be added that the Department of State does not consider that there is any implication of recognition in the proposed approach envisaged by this Aide Memoire.

1054.

DEA/4457-40

*Chef de la délégation permanente aux Nations Unies
au secrétaire d'État aux Affaires extérieures*
*Chairman of Permanent Delegation to United Nations
to Secretary of State for External Affairs*

TELEGRAM 419

New York, December 2, 1949

SECRET

Following for Heeney from Pearson, Begins: Your telegram No. 368 attached of December 1st,† containing draft reply to personal message from Mr. Acheson concerning arrest of Angus Ward and members of his staff.

In view of the fact that Ward and the members of his staff have been released since Mr. Acheson's message was received, it occurs to me a brief reply is all that is required. I am also concerned with the possibility that we may in the future be put in a similar position and might wish to ask the United States and other nations for support. In the circumstances, I would suggest that the draft reply be shortened to read as follows:

Text begins:

The Department of External Affairs has been instructed to transmit to the Embassy of the United States of America the following personal message from the Secretary of State for External Affairs to the Secretary of State of the United States:

I wish to acknowledge your message of November 21st concerning the treatment accorded United States Consular personnel in Mukden, China.

I can assure you that I have been very much concerned about the arrest and detention of Mr. Ward and members of his staff. The authorities of the Peiping Regime have already been informed of the view of my Government that in accordance with international practice, Consular officers should be allowed to carry out their normal functions regardless of the administrative changes which might take place in the territory in which they reside and without prejudice to the question of diplomatic recognition.

Although Mr. Ward and the members of his staff have happily been released since I received your message, since this case calls into question a principle sanctioned by international practice, I have been glad to request the Canadian representative who is located in Nanking to bring our concern in this matter to the attention of the Peiping authorities. Text ends.

1055.

DEA/50055-B-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], December 20, 1949

RECOGNITION OF THE CHINESE COMMUNIST GOVERNMENT

Attached is a copy of a letter dated December 17, 1949, from the High Commissioner for the United Kingdom to the Prime Minister,† enclosing a personal message from Mr. Attlee to Mr. St. Laurent† on the subject of recognition of the Peiping regime in China.

2. The United Kingdom Prime Minister's message states that his Government has reached a decision in principle to accord de jure recognition to the Chinese Communist Government and indicates that January 2, 1950, is being considered as a date for taking action in the matter. The United Kingdom message enquires whether the Canadian Government would be disposed to take parallel action on or about the time suggested.

3. I attach, for your consideration, a proposed message of reply from Mr. St. Laurent to Mr. Attlee,† which you might wish to discuss with the Prime Minister. The draft reply concurs in the principle of extending recognition to the Peiping regime but states that we should wish to review the situation in the light of the discussions at the Colombo Conference and would not be likely therefore to give further consideration to the matter until after your return in mid-February.¹⁸

4. With regard to repercussions in the United Nations, we had previously informed both the United Kingdom and Indian Governments that we did not think that any move should be made towards recognition of the Chinese Communist regime before the end of the Fourth Session of the General Assembly. Moreover, we specifically drew the attention of the United Kingdom Government, through Mr. Wilgress, to our concern about the course of events in the United Nations, after the granting of recognition by some countries to the Peiping regime. In view of these representations no further mention of the United Nations situation has been made in the proposed reply to Mr. Attlee. Since simultaneous action is not possible there must ensue a period of transition, when some members of the United Nations have recognized the Chinese Communists and others have not. From our point of

¹⁸ Cette ébauche reçut l'aval du Cabinet lors de sa réunion des 21-22 décembre.
This draft was approved by the Cabinet at its meeting on December 21-22.

view, since Canada ceases to be a member of the Security Council on January 1st, this transition period may as well be faced at the beginning of the year as a little later. It is noteworthy that Soviet Russia, which recognized the Peiping Government some time ago, has not yet made an issue over the credentials of the Chinese delegate and it is not likely that the British will be the first to do so.

5. You will recall that the Cabinet, on November 16th, approved recognition of the Chinese Communist regime in principle but deferred consideration of the question of timing. We informed the Indian Government on December 2nd that we wished to consider the whole question after the Colombo Conference (our High Commissioner in India has been informed officially that the Indian Government proposes to recognize the Chinese Communist regime on December 30th).

6. I do not think, therefore, that we should act before your return from the East. Canadian interests are not such as to demand precipitate action by us and it would not be wise for us to get too far ahead of public opinion. Certainly United States public opinion is not yet ready to accept the idea of recognition of the Chinese Communist regime and the United States Government is treading very warily in the matter. We cannot disregard the effect of the reporting of United States news agencies and of the radio upon Canadian public opinion. There is, moreover, the possibility that the Chinese Nationalist Government will meet the interest payment on the Sino-Canadian loan, which falls due on December 31st, through an arrangement involving the sale of antimony.

7. Extended delay in according recognition would be disadvantageous, however, because (1) representatives of non-recognizing powers might be expelled from China with consequent discrimination against the citizens of those countries resident in China; (2) once recognition had been accorded by other Commonwealth Powers, it would probably have unfavourable effect upon Canadian interests in China if we waited until confronted with the necessity of extending recognition.

8. It should be borne in mind that if we accord recognition to the Chinese Communists when the House of Commons is sitting, a general debate on the question may be necessary before action is taken. You will recall that on November 22nd the Prime Minister, in answer to questions by Mr. Drew,¹⁹ indicated the possibility of such a debate. In view, however, of the fact that Mr. Drew and Mr. Coldwell²⁰ have had an opportunity to study the departmental memorandum on Policy Towards Communist China, the Prime Minister might think it sufficient to hold a preliminary discussion with you and the leaders of the Opposition, before taking action to recognize the Chinese Communist Government.

A.D.P. H[EENEY]

¹⁹ George Drew, M.P., chef de l'Opposition/Leader of the Opposition.

²⁰ M.J. Coldwell, M.P., chef du/Leader of the Co-operative Commonwealth Federation.

2^e PARTIE/PART 2INDONÉSIE
INDONESIA

1056.

DEA/5495-G-40

*Note du chef par intérim, direction des États-Unis et de l'Extrême-Orient
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Head, American and Far Eastern Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 31, 1949

CANADIAN REPRESENTATION IN INDONESIA

I refer to your memorandum of December 23, attached,[†] regarding Canadian representation in Indonesia.

2. I agree that consideration should be given as soon as possible to the question of Canadian representation in Indonesia. I think General McNaughton has made a good point in saying that we should capitalize on the good will that our participation in the Security Council's solution of the Indonesian question²¹ has won for us. I think we should move quickly but not precipitately.

3. One of the first questions we shall have to consider is whether we should have a Consulate General or a diplomatic mission in Indonesia. This involves not only a question of relative costs, but one of which type of office will secure the best results for the money that will have to be laid out. As you know, Indonesia has a population of 75 million people. That means that in Asia it is the fourth most populous country, being exceeded only by China, India and Japan. In natural resources it is far wealthier than any of these. It is not as yet industrialized and because many of its products are complementary to Canadian ones, I anticipate the development of considerable trade between Canada and Indonesia. The Government there will be a highly centralized one, tending toward state control and socialism. It may well be, therefore, that a Consul General would find that he would have difficulty in promoting Canadian trade because of difficulty of access to senior government officials. This difficulty would naturally increase if Canada were to be represented there by a Consul General while other countries appointed Ministers or Ambassadors. I am not thinking so much of the great powers like the United States and the United Kingdom, but rather of some of the middle powers like ourselves. I think it would be well for us to consider pretty carefully what others are going to be doing in regard to representation in Indonesia before pressing ahead with our own arrangements.

4. A further problem has occurred to me in connection with the qualifications of our senior representative there. As you know, Colonel Moore Cosgrave is very anxious to go to Indonesia because his daughter is married to a Netherlands bank

²¹ Voir le chapitre III, partie 2, sous-section (e)(iii).
See Chapter III, Part 2, Subsection (e)(iii).

official there. If we were to write to the Department of Trade and Commerce and ask them to appoint someone for Indonesia, I think there is more than a fifty-fifty chance that they would appoint Colonel Cosgrave. Colonel Cosgrave does not have the political judgment which would make me feel easy about his representing Canada in Indonesia. I do not think that we can regard this post as a purely commercial and consular one, since our participation in the settlement of the Netherlands-Indonesian dispute and our continuing interest in seeing Indonesia maintain its contacts with the Western democracies are political.

5. I understand that Mr. [Paul] Sykes, Canadian Government Trade Commissioner in Singapore, expects to visit Indonesia in February, before returning to Canada in the Spring on leave. I do not think Mr. Heasman is going to be able to get to Batavia, nor will our party. But I think that in the various contacts which we will make during our trip, we should have an opportunity to discuss the type of Canadian representation that would be appropriate in Indonesia. I therefore recommend that no decision be taken on this matter until the Minister's return.²²

6. To further the matter in his absence, I am attaching for your consideration a brief letter to the Deputy Minister of Trade and Commerce,† asking him to give some thought to the commercial aspects of Canadian representation in Indonesia, in order that this matter may be more fully considered on the Minister's return.²³

A.R. MENZIES

²² Note marginale:/Marginal note:
I agree [A. Heeney, January 3, 1950]

²³ Note marginale:/Marginal note:
Good. A H[eeney] Jan 3 [1950]

3^e PARTIE/PART 3CORÉE
KOREA

1057.

DEA/50067-40

*Ébauche de note du ministère aux Affaires extérieures
pour le Cabinet**Draft Memorandum from Department of External Affairs
to Cabinet²⁴*

SECRET

[Ottawa], February 9, 1949

RECOGNITION OF THE REPUBLIC OF KOREA

On December 12, 1948 the United Nations General Assembly adopted a resolution declaring that there had been established a lawful Government in Korea (the Government of the Republic of Korea) and recommending that member states take this resolution into consideration in establishing their relations with the Government of Korea. Full recognition was also given to the Republic by the United States, on January 1, 1949, and by the United Kingdom, on January 17, 1949.

2. Mr. Hopkins, Legal Adviser of the Department of External Affairs, has given the opinion that adoption of the December 12 resolution by the General Assembly gave rise to a duty of recognition by member states. The following political considerations would, in addition, indicate the desirability for Canadian recognition:

(a) Canada's interest in Korea was manifested by Canadian participation during 1948 on the United Nations Temporary Commission on Korea and by Canadian support for the United Nations resolution of December 12, which was based on the report of the Commission;

(b) It is generally desirable to give moral support to the democratically-elected South Korean regime, especially so in view of its location on the fringe of Communist-dominated territory;

(c) Canadian recognition would facilitate the work of Canadian missionaries now in Korea and the establishment of trade relations for Canadians generally;

(d) Recognition would not give rise to any new obligation to establish a diplomatic mission in South Korea. Canada would continue to use the facilities of the United Kingdom Mission in Seoul.

3. It will be noted that the recognition given by Canada to Israel was only *de facto*, or provisional, because of the unstable conditions still prevailing in Israel and the undetermined status of that country's borders. In the case of South Korea,

²⁴ Quoique rédigée selon le format employé pour les notes au Cabinet, cette copie ne fut pas signée. Il semble, selon les renvois aux conclusions du Cabinet, qu'elle ne fut pas présentée en tant que note du secrétaire d'État aux affaires extérieures pour le Cabinet.

Although the format is that of a memorandum to Cabinet, this copy is unsigned and the reference in the Cabinet Conclusions suggests that it was not presented as a memorandum from the Secretary of State for External Affairs to the Cabinet.

however, conditions are relatively stable and the borders are clearly defined; and unqualified or full recognition (which amounts to *de jure* recognition) may therefore be granted.

Recommendation

It is accordingly recommended as follows:—

that approval be given to a declaration that Canada grant full recognition to the Government of the Republic of Korea, the declaration to be made in the form of a statement by the Secretary of State for External Affairs in the House of Commons during the present session.²⁵ A draft of this proposed statement is attached as Annex 1.†

1058.

DEA/50067-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

Ottawa, July 13, 1949

SECRET

RECOGNITION OF THE REPUBLIC OF KOREA

The Government of the Republic of Korea (i.e. South Korea) is now making a drive to secure recognition from the 48 states which supported the December 12, 1948 Resolution on Korea of the General Assembly of the United Nations.

2. The new Republic feels itself in an isolated and dangerous position because of pressure from North Korea and the extension of Communist control in China. This feeling of insecurity has been heightened by the final withdrawal of all United States occupation forces, although a Military Advisory Group of some 500 officers and men remains. The Government of the Republic considers that by securing full recognition from friendly governments the morale of the people of South Korea will be strengthened and the Government will be better able to resist Communist pressure from whatever quarter it may come.

3. The following governments are now known to have accorded *de jure* recognition to the Republic of Korea: the United States, China, the United Kingdom, France, the Philippines, Chile, Brazil, the Dominican Republic and New Zealand. There are indications that a good many more may follow suit soon. Some governments qualified their statements by saying that they recognized the Republic of Korea as having jurisdiction over that part of the Korean peninsula in which free elections were held on May 10, 1948.

4. The Korean Ambassador to the United States, Mr. John M. Chang, has approached Mr. Wrong on the question of Canadian recognition. He handed him a letter dated May 28 addressed to the Governor General by Dr. Syngman Rhee,

²⁵ Le Cabinet donna son approbation le 17 février.
Approved by Cabinet on February 17.

President of the Republic (copy attached).† Mr. Chang said that similar communications were being addressed by Dr. Rhee to the Chiefs of State of all the countries which voted at the United Nations General Assembly in favour of the December 12, 1948 Resolution. He added that while the letter was not a direct request for the extension of *de jure* recognition it should be interpreted as constituting such a request.

5. A concurrent approach on the question of Canadian recognition was made to the Canadian Delegation to the United Nations by Dr. Chough Pyung Ok, personal representative of the President of the Republic and its chief Delegate to the United Nations. You will recall that Dr. Chough visited Ottawa last October on his way to the General Assembly in Paris. You were absent in Algoma at the time but wrote him a cordial letter which our Delegation delivered in Paris. Dr. Chough indicated he would like to come up and call on you this week to discuss this question of recognition.

6. The Korean Government has requested that American Consular officers in Canada be authorized to perform essential citizenship and passport services for Korean nationals. The United States Embassy has enquired whether the Canadian Government would have any objection to the performance of such services. It is anticipated that the volume of such services would be almost negligible. After the Philippines became independent we agreed to United States Consular officers performing such services for Philippine citizens in Canada.

7. You will recall that in a memorandum to the Cabinet, dated February 9, you recommended "that approval be given to a declaration that Canada grant full recognition to the Government of the Republic of Korea, the declaration to be made in the form of a statement by the Secretary of State for External Affairs in the House of Commons during the present session". I am attaching a copy of the memorandum to Cabinet and the draft of the proposed statement to be made in the House.† This document was considered at a meeting of the Cabinet on February 17 where it was agreed that Canada recognize the Republic of Korea by approval of the Korean application for admission to the United Nations.

8. Korea's application for membership in the United Nations was considered in the Committee on the Admission of New Members on February 24. At that meeting, Mr. Ignatieff made a full statement of the facts taken into account by the Canadian Delegation in supporting the Korean application. A copy of his statement is attached.† The report of the Committee was considered in the Security Council on April 8. Following is an extract from the Official Records of the statement made on that occasion by General McNaughton:

"The question of the application of the Republic of Korea for admission to the United Nations has been given careful and comprehensive consideration in the Security Council's Committee on the Admission of New Members. As a result of that consideration, the Committee has made its recommendation by eight votes to two.

"The Canadian delegation considers that the Republic of Korea has accepted the obligations of the Charter. We are satisfied that it is a peace-loving State, able and willing to fulfil these obligations. We are, therefore, in full accord with the

recommendations of the Committee. In consequence, in this Council, we shall vote in favour of recommending to the General Assembly that the Republic of Korea be admitted to the United Nations.

"I cannot refrain from expressing profound disappointment at the statement made to the Security Council today by the representative of the Soviet Union. For our part, I would say that we feel that the allegations and charges which he has reiterated have been fully and effectively disposed of and answered in the organs of the United Nations, and with particular authority by resolution 195 (III) adopted by the General Assembly on 12 December 1948 by an overwhelming majority.

"The Canadian delegation will vote in favour of the resolution which has been submitted by the representative of China."

The vote on the admission of the Republic of Korea was 9 in favour and 2 against (U.S.S.R. and the Ukraine).

9. Following our vote in the Security Council for the admission of Korea, consideration was given to requesting the British Minister in Seoul to inform the Korean Foreign Minister informally that he had learned that Canadian support of the Republic's application for membership in the United Nations is considered by the Canadian Government to constitute full recognition of the Republic. This proposal was not carried through.

10. The arguments in favour of according full recognition to the Republic of Korea, set out in the memorandum to Cabinet of February 9, appear to me to be still valid. Essentially they are: (a) Canada has consistently supported the position of the Korean Republic in the United Nations; (b) it is desirable to give moral support to the democratically elected South Korean regime; (c) it would facilitate the work of Canadian missionaries now in Korea and the establishment of trade relations; (d) recognition would not involve us in any new commitment except to support the Republic in the Security Council or the General Assembly if it should get into difficulty with its communist neighbours to the North. I think we should be obligated to do this much by the stands we have already taken on the Korean question in the United Nations.

11. *I recommend*, therefore, that we inform the Government of the Republic of Korea that our vote in the Security Council on April 9, in favour of its admission to membership in the United Nations, is to be regarded as according full recognition to the Republic as an independent sovereign State with jurisdiction over that part of the Korean peninsula in which free elections were held on May 10, 1948, under the observation of the United Nations Temporary Commission.²⁶

12. I attach for your consideration a draft press release† built around the letter of May 28 which President Rhee addressed to the Governor General, and a proposed

²⁶ Note marginale:/Marginal note:
OK LB P[earson]

reply which you would address to the Foreign Minister.²⁷ Your letter to the Foreign Minister, which is also attached for signature,† might be handed to the Korean Ambassador to the United States by Mr. Wrong. Copies of the exchange of correspondence would be referred to the Governor General. I think we might inform the Delegation in New York of the action taken, saying that this would obviate the necessity for Dr. Chough visiting Ottawa. Following the Philippine precedent, I think we might agree to United States Consular officers in Canada performing essential citizenship and passport services for Korean nationals here.

13. You indicated today that if Dr. Chough comes to Ottawa you will be unable to see him and asked me to do so on your behalf. If we could inform him in the sense recommended it would be helpful.

A.D.P. H[EENEY]

1059.

DEA/10648-40

Note de la direction des États-Unis et de l'Extrême-Orient

Memorandum by American and Far Eastern Division

CONFIDENTIAL

[Ottawa], August 9, 1949

INTERVIEW OF DR. P.Y. CHOUGH WITH SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Dr. P.Y. Chough, Personal Representative of the President of the Korean Republic, called upon Mr. Pearson at 12 noon on August 4. Mr. P.G.R. Campbell was present during the interview.

The Korean Representative conveyed to the Secretary of State for External Affairs the greeting of the President of Korea to the Canadian Government, stating that Korea is appreciative of the support which it has received from Canada in the United Nations and is grateful for the recognition of its government by Canada.

Mr. Pearson replied that Canada entertains very friendly feelings towards Korea as a member of the comity of democratic states and added that close relations between Canada and Korea would be to the advantage of both countries.

Dr. Chough urged that diplomatic or consular missions should be exchanged. He stressed the importance to Korea, as a democratic outpost threatened by the upsurge of Communism in adjacent countries, of having official ties with the democratic powers. Mr. Pearson said that he sympathized with the point of view expressed by Dr. Chough, but the strain of the rapid expansion of our foreign service and the number of our present commitments rendered it unlikely that we should be in a position to consider establishing a diplomatic mission in Korea at this time. He told the Korean representative that the matter of consular relations would be taken under consideration.

²⁷ Note marginale:/Marginal note:

Don't issue any press release. But this can be used later if we have to give publicity to this matter LB P[earson]

In answer to Dr. Chough's suggestion that it would be desirable for Canada and Korea to sign a Treaty of Commerce and Amity, Mr. Pearson pointed out that Canada's constitutional make-up is such that treaties of this nature cannot be negotiated by the Federal Government, without causing complications in Dominion-Provincial relations. Mr. Pearson thought that the actual setting in motion of machinery to facilitate commerce was the important thing, to which Dr. Chough agreed.

Dr. Chough intimated that Korea might wish to purchase arms from Canada. Mr. Pearson said he felt that requests by the Korean Government for military supplies would be sympathetically received.

There was some discussion on the subject of a Pacific Pact against Communism. Dr. Chough stated that Korea would like to gain support for the anti-Communist agreement which has recently been made between Nationalist China, The Philippines and Korea. Mr. Pearson said that while traditionally and from political and economic necessity Canada's attention has been largely focussed upon the West, Canada nevertheless cannot be disinterested in the outcome of events in the Pacific area. Canada also has been concerned with the principle of collective security and the regional application of that principle. Mr. Pearson was of the opinion that important factors in any plan to contain the spread of Communism through Asia were the question of the ability of the Chinese Nationalist Government to hold out and the attitude of the United States. It would not be logical for Canada to adopt a positive attitude with regard to a Pacific Pact, when the United States had not done so. Dr. Chough agreed with the force of this reasoning but thought it unfortunate that the United States had not taken a position in support of the Chiang Kai-shek-Quirino-Rhee agreement.

DEA/10648-40

1060.

Note de la direction des États-Unis et de l'Extrême-Orient
Memorandum by American and Far Eastern Division

[Ottawa], August 11, 1949

INTERVIEW BETWEEN DR. P.Y. CHOUGH AND THE RIGHT HONOURABLE C.D. HOWE

At 11:30 A.M. on August 4, Dr. P.Y. Chough, Personal Representative of the President of the Republic of Korea, had an interview with the Right Honourable C.D. Howe, Minister of (the Department of) Trade and Commerce. Mr. W.K. War-droper of this Department was present.

After a few generalities Dr. Chough referred to the fact that Canada had been among those countries which had recognized the Government of Korea. He said that since Korea is among the countries opposed to the expansion of Communism, and at the present time is threatened by the Soviet Union and Communist China, his Government was seeking to strengthen their ties with the democratic nations, and for this reason felt that closer ties should be established between Korea and Canada. It was hoped that Canada would be able to establish diplomatic relations with Korea. If this was not found possible, however, then the question of exchanging Consular representatives might be considered. Mr. Howe said that he appreci-

ated the position of Southern Korea and said that Dr. Chough's proposal would be studied.

Dr. Chough then went on to explain the present economic situation of Southern Korea. He stated that through E.C.A., the United States had allocated \$385,000,000 to Korea for the rehabilitation of the country which would do much to alleviate Korea's great need of industrial equipment. It was the hope of the Korean Government that while Canada could not be expected to import agricultural and other products from Korea, it would be possible to obtain industrial equipment from Canada. He anticipated that Korea would find markets for her agricultural and other products in Japan and China. At the moment Korea's foreign trade balance is not favourable, but it is hoped that this situation will improve in the future, especially as a result of the E.C.A. allocation. Some of the funds acquired from this source could be spent in Canada.

Dr. Chough then referred to the conversations he had had the previous day with officials of the Department of Trade and Commerce, and said that his Government would welcome a mission of several trade officials to Korea. Mr. Howe replied that he thought such a mission might be able to go to Korea.

Dr. Chough took leave of Mr. Howe at 11:50, in order to keep an appointment with Mr. Pearson.

4^e PARTIE/PART 4VIÊT-NAM
VIETNAM

1061.

DEA/50052-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], October 4, 1949

VIETNAM

The French Chargé d'Affaires in Ottawa presented a Note on August 31,† a copy of which is enclosed, informing us officially of the formation of the Government of Viet Nam in Indo-China.

2. This Note has been interpreted in the Department as a request for recognition of the new state of Viet Nam.

3. We have been informed that Notes similar in substance have been handed to the United Kingdom and United States Governments. In both cases, their reaction was similar to our own and neither have interpreted the Note as a request for recognition. In discussions which Mr. Menzies had in Washington recently with officials of both the State Department and the Foreign Office on the subject of Viet Nam, it was intimated that in their view the only alternative to supporting Bao Dai appears

to be the acceptance of Communist domination of the whole country. Both governments, however, are reluctant to take the initiative in recognizing the Bao Dai regime until the March agreements, referred to in the French Note, have been ratified and until after recognition has been extended to the new government by some of the Asian States. Nor do they favour an application by Viet Nam for membership in the United Nations being put forward at this time.

4. Consequently, bearing in mind our interpretation of the Note, I consider that a simple non-committal acknowledgement would be sufficient to fulfil the requirements of diplomatic courtesy. I think, however, that in conjunction with the presentation of a Note of acknowledgement some indication, of a less formal nature, should be given, pointing out our interest in the establishment of the new state and expressing our hope that stable conditions will return to Indo-China. This might usefully and properly take the form of an oral statement. Accordingly, the outline of a proposed oral communication has been drafted. This draft has been brought to the attention of our Ambassador in Paris, who has informed us that it appears to cover the situation very well and that he had no comments or suggestions to make.

5. I am, therefore, submitting for your consideration a Note to the French Ambassador† and the text of a proposed oral statement to accompany the presentation of the Note. If this course of action meets with your approval, would you sign the Note and signify your concurrence in the text of the proposed oral communication, and return both to us.²⁸

A.D.P. H[EEENEY]

[PIÈCE JOINTE/ENCLOSURE]

Ébauche

Draft Text

PROPOSED ORAL STATEMENT TO BE DELIVERED IN CONJUNCTION WITH THE NOTE TO BE HANDED TO THE FRENCH AMBASSADOR

Canada, as a Pacific power, is interested in the re-establishment of peaceful conditions in the whole Pacific Basin. We have been concerned about the long continuation of the disturbances in Indo-China. We regard the settlement of these differences as important to the restoration of stability in the whole area. A settlement would

- (a) help prevent possible Communist domination of all East Asia,
- (b) ultimately promote conditions in which mutually beneficial commercial intercourse could be resumed,
- (c) facilitate the activities of Canadian missionaries in Indo-China, and
- (d) lessen the present drain on the resources of metropolitan France.

²⁸ La note marginale suivante est inscrite sur la pièce jointe:
There is a marginal note on the enclosure as follows:
OK LB P[earson]

We are conscious of the contribution which France can make toward the reconstruction and development of Indo-China. We also have sympathy for the legitimate aspirations of the Annamese Nationalists for self-government. For these reasons we approve the efforts made by the French Government to achieve a settlement of the difficulties in the March 8th agreement. We have insufficient information to permit us to comment on the details of the agreement and realize that its implementation will require continuing understanding statesmanship on both sides. We hope, however, that the conclusion of this agreement will result in the progressive resolution of the difficulties in Indo-China so that Viet Nam and the other states of Indo-China, in cooperation with France, may play their full part in the development of the Pacific area.

1062.

DEA/50052-40

Note du chef par intérim, direction des États-Unis et de l'Extrême-Orient
Memorandum by Acting Head, American and Far Eastern Division

[Ottawa], October 18, 1949

Memorandum for File

The French Ambassador Monsieur Hubert Guérin called on the Under-Secretary on the afternoon of October 17 to receive our Note No. 124 dated October 10 regarding Indo-China.† Mr. Menzies was in attendance.

After handing Monsieur Guérin the Note, Mr. Heeney spoke along the lines of the oral communication that had been approved by the Minister. He emphasized that we had insufficient direct information concerning the existing situation in Indo-China to permit us to reach any conclusions as to the suitability of the details of the agreements to meet the requirements of the situation. He also emphasized that the situation in Indo-China seemed to us to be a developing one which would require continuing statesmanship on both sides to see to its full implementation.

Mr. Heeney drew attention to a paragraph in Section 2 of President Auriol's letter of March 8 in which the Government of the French Republic pledged itself to present and to support the candidacy of Viet Nam when the latter fulfils the general conditions defined by the Charter of the United Nations for admission to that organization. Mr. Heeney said that if we were to apply the normal criteria which we had been applying in other cases concerning the fulfilment of conditions defined in the Charter for admission of new members, he doubted if we could give support at this time to an application by Viet Nam for United Nations membership. Mr. Heeney said that he thought it would be advisable for the French to consult very fully with other friendly governments before advancing such an application in the United Nations, as a rebuff there by friendly powers would do a great deal of harm. Monsieur Guérin recognized the validity of Mr. Heeney's observations and said that it was for this reason that the paragraph regarding French support for Viet Nam's membership in the United Nations had been worded loosely.

In concluding the conversation, M. Guérin thanked Mr. Heeney for this expression of understanding on the part of the Canadian Government of what the French

Government was trying to do in Indo-China and said that he was certain it would be appreciated by his Government.

A.R. MENZIES

1063.

DEA/50052-40

Note du chef par intérim, direction des États-Unis et de l'Extrême-Orient
Memorandum by Acting Head, American and Far Eastern Division

SECRET

[Ottawa], October 26, 1949

NOTES FOR INCLUSION IN MINUTES OF MEETING OF HEADS OF DIVISIONS OF
OCTOBER 25, 1949

Indo-China

Mr. Menzies reported that on August 31 the Charge D'Affaires of the French Embassy had left a Note giving us the text of an exchange of letters between Monsieur Vincent Auriol, President of the French Republic and of the French Union and Emperor Bao Dai, providing for the establishment of Viet Nam (Tonkin, Annam and Cochin-China) as an associate state in the French Union. Mr. Menzies recalled that when he was in Washington a month ago, he had had an opportunity to discuss Indo-China with officers in the State Department and Mr. [Osler] Dening, Under-Secretary in the United Kingdom Foreign Office in charge of the Far Eastern Departments. While they felt that the French had shown themselves inept in their handling of the problem, were not too confident about Bao Dai and his associates and recognized that Ho Chi-Minh had about him many genuine Nationalists, they considered that the alternative to support for Bao Dai was Communist domination of Indo-China. After consultation with our Embassy in Paris, the Minister had approved an oral statement being made to the French Ambassador at the time our non-committal written reply was handed him. The Under-Secretary had told the Ambassador that we had been concerned about the long continuation of the disturbances in Indo-China and regarded a settlement there as important as it would help to prevent possible Communist domination of all East Asia, would ultimately promote conditions in which mutually beneficial trade could be resumed, would facilitate the activities of Canadian missionaries in Indo-China and lessen the present drain on the resources of metropolitan France. Mr. Heeney had indicated that we were sympathetic to the legitimate aspirations of the Annamese for self-government. We also recognized that France might still make a considerable contribution for the reconstruction and development of Indo-China. We hoped that the relationship described in the exchange of notes would be adequate to present day circumstances in East Asia. We ourselves have insufficient information to permit us to comment on the details of the Agreement. Mr. Heeney emphasized that the implementation of the Agreement would require continuing understanding statesmanship on both sides. The Ambassador had also been informed that we doubted whether under this new arrangement, the new state of Viet Nam would have a sufficient degree of independence to warrant Canadian support for any application it might make for membership in the United Nations. It was suggested that the French

might be wise to consult informally with friends on this matter before raising it openly in the United Nations.²⁹

²⁹ La note sur la réunion des chefs de direction du 25 octobre 1949 ne fait pas mention des points de vue échangés à Washington entre Menzies et les fonctionnaires britanniques et américains.
The note of the meeting of Heads of Division for October 25, 1949, does not include the references to views exchanged in Washington by Menzies with British and American officials.

CHAPITRE XIV/CHAPTER XIV
AMÉRIQUE LATINE
LATIN AMERICA

PREMIÈRE PARTIE/PART 1

CHILI
CHILE

1064.

DEA/50065-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], August 25, 1949

I attach a copy of a letter[†] received from Mr. Elliott¹ in Santiago wherein he reports that during the course of a recent conversation with the Chilean Foreign Minister the latter expressed the wish that in some early speech you include a statement to the effect that Canada hopes that democracy will be maintained and supported whenever and wherever possible within the Western Hemisphere.

2. The motives for the Minister's request stem from Chile's concern over the supposed activities of Argentine agents in fomenting internal troubles in countries bordering on Chile and in Chile itself. You will recall that last fall Chile openly accused Argentina of being responsible for organizing a plot to overthrow the President of Chile. A short time later, the Chilean Foreign Minister asked Mr. Elliott to ascertain whether Canada would be willing to withhold recognition of the Odría Government in Peru until China had done so. On this occasion, the Foreign Minister stated to Mr. Elliott in confidence that his Government had proof of Argentina's intervention in this instance as well. The Foreign Minister considers that the recent serious troubles in the Bolivian tin mines are attributable to the same source.

3. There can be no doubt of our sympathies being with the Chilean Government in its present difficult position, particularly since it has adopted a firm anti-totalitarian policy. I would, however, be reluctant to recommend that you make a public statement which would follow too closely the lines suggested by the Chilean Foreign Minister. As an alternative suggestion, it might be possible to include in your opening speech to the General Assembly a statement to the effect that Canada, as a signatory of the North Atlantic Treaty, believes that the principles set forth in the preamble and Article II of this Treaty are principles which are shared by all free nations of the world, including the Western Hemisphere. To be more specific would, I think, invite criticism of interfering in the affairs of other nations of the

¹ C.F. Elliott, Ambassadeur au Chili/Ambassador in Chile.

hemisphere; moreover, I do not think that we would wish to identify ourselves too closely with those differences which arise from time to time between Latin American nations, except in those instances where Canadian interests might be directly involved.

4. If you agree,² I attach for your consideration a letter to Mr. Elliott along the above lines.†

A.D.P. H[EEENEY]

2^e PARTIE/PART 2

COLOMBIE
COLOMBIA

1065.

DEA/3104-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Deputy Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

Ottawa, July 20, 1949

ESTABLISHMENT OF A CANADIAN DIPLOMATIC MISSION IN COLOMBIA

When Dr. Zuleta, the Foreign Minister of Colombia, called on the Minister on Monday afternoon, July 18, he raised with him the question of the establishment of direct diplomatic relations between Colombia and Canada. Colombia has raised this previously in 1942, 1946 and 1948. Mr. Menzies, who was present at the interview, is preparing a note for you on the subject. The Minister informed Dr. Zuleta that, if he wished to pursue the matter further, he might take it up with me. As a result, Dr. Zuleta called on me this morning at 10:00 o'clock. He first of all expressed his very great gratitude to the Canadian Government for the assistance which had been given him in arranging for a group of Canadian officials to visit Colombia to assist the Colombian Government in its efforts to improve their electoral system. I replied that the Canadian Government had been happy to assist in putting him in touch with the Canadian officials concerned and that we appreciated very greatly this demonstration of esteem for Canada which Colombia had shown in turning to Canadians for this purpose.

2. Dr. Zuleta then went on to raise the question of diplomatic relations. He referred to his conversation with the Minister. He recalled that previously we had been unable to agree to Colombia's proposal because of the shortage of personnel and budgetary difficulties. He had understood from the Minister that shortage of personnel was no longer so great an obstacle. He stressed how important he considered the establishment of closer relations and particularly closer diplomatic rela-

² La lettre fut envoyée le 26 août.
The letter was sent on August 26.

tions was to both countries. During the past few years, the United Nations and a very large number of international organizations have been established. In view of the sympathy between Canada and Colombia and of Canada's importance, Colombia wished to make even more effective in future the exchange of views between our two countries on the problems which arise in the organizations. He mentioned in particular, questions of elections to the Security Council and the Economic and Social Council and the governing bodies of other international organizations. Colombia had found that the establishment of direct diplomatic relations facilitated greatly these useful exchanges of views with other countries. Dr. Zuleta hoped that it might be possible for Canada within the next year to open a mission in Colombia. He suggested that further discussions on this matter might be pursued through our Embassies in Washington.

3. I said that as both the Minister and Mr. Claxton had already assured him we in Canada are very conscious of the great importance to Canada of closer relations of all kinds with Colombia. We regretted, for the reasons which he had mentioned, that it had not been possible for us hitherto to establish a diplomatic mission in Colombia. I said that I could assure him that the Minister hoped very much that it might be possible for us to make arrangements for the establishment of a diplomatic mission in Colombia in the near future. The Minister had mentioned to me his conversation with Dr. Zuleta on the subject; since he was about to leave Ottawa for two weeks it had not been possible for him to discuss the matter at length with me before his departure. We would, however, raise the matter with him immediately upon his return to Ottawa and he would, no doubt, wish to discuss it with his colleagues in Cabinet. I expressed my great regret that, in the absence of the Minister, it was not possible to be more specific than this, but I reiterated the hope of the Department that in the near future we could establish direct diplomatic relations with Colombia. Speaking personally, I said that I thought that his suggestion that this might be done during the year 1950 might well prove to be practicable.³

4. During the discussion, I commented on his remarks on the desirability of exchanges of views between our two countries on matters coming before international organizations. I said that he, like us, must have been impressed by the fact that the democratic group of countries had, in the past, suffered in the United Nations from the fact that there had not been effective enough preliminary discussion of questions among them. We felt it was important that efforts should be made in future by the democratic countries to work out between them general agreement on common policy on important issues. We have been very happy in the past with the excellent relations between our Delegations and I shared his hope that these relations will be even more intimate in the future.

³ Note marginale/Marginal note:

Mr. Reid. My feeling is that the government will not be enthusiastic about a recommendation to open a Mission in Colombia in the near future—nor indeed any new Missions anywhere with[out] pretty specific reasons based on pretty evident, tangible and immediate Canadian interests shown. They are already committed to Pakistan which is a special case, but any other proposals will be very sceptically received. The memo to the Minister sh[oul]d state the case for C[olombia] in concrete terms with special reference to any commercial aspects A. H[eeney]

5. Dr. Zuleta, who had been President of the Preparatory Commission of the United Nations and Chairman of the Headquarters Committee spoke in glowing terms of his colleague on these two bodies, Mr. Wilgress. I said that I knew that Mr. Wilgress reciprocated his feelings and that I would be most happy to inform Mr. Wilgress of Dr. Zuleta's kind remarks.

E[SCOTT] R[EID]

1066.

DEA/3104-40

Note du chef par intérim, direction des États-Unis et de l'Extrême-Orient
Memorandum by Acting Head, American and Far Eastern Division

Ottawa, July 21, 1949

INTERVIEW OF COLOMBIAN FOREIGN MINISTER WITH THE
HONOURABLE L.B. PEARSON

Dr. Eduardo Zuleta Angel, Minister of Foreign Affairs for Colombia, accompanied by Mr. Jose Camacho, Counsellor of the Colombian Embassy in Washington, called on Mr. Pearson at 4.15 on July 18. Mr. A.R. Menzies was present. Dr. Zuleta said that he knew that Mr. Pearson's time was short before starting out on a trip but that he appreciated the opportunity to come and have a few words with him.

2. Dr. Zuleta recalled that, when he was President of the United Nations Preparatory Commission in London, in 1946, Mr. St. Laurent, then Secretary of State for External Affairs, had had some very kind words to say about his services which he had always treasured. He had worked very closely during the Preparatory Commission with Mr. Wilgress and with Mr. Escott Reid. Indeed, at all meetings of the United Nations, Colombian Delegations had been greatly impressed with the idealistic but sensible approach of the Canadian Delegations. While there were no direct diplomatic relations between Colombia and Canada, Colombians regarded Canadians with the friendliest of feelings. He asked Mr. Pearson to convey to the Prime Minister these sentiments.

3. Mr. Pearson said that the sentiments which Dr. Zuleta had expressed were very cordially reciprocated. He recalled meeting Dr. Zuleta himself in the Delegates' Lounge of the United Nations. Canadians regarded Colombia as one of the most democratic and enlightened of the South American Republics.

4. Dr. Zuleta said that he had made this trip to Ottawa on very short notice, to try to complete arrangements to obtain the assistance of Canadian experts to assist in revising the Colombian electoral and identity card system. He looked forward to having conversations with the experts and officials directly interested in these arrangements. Mr. Pearson said that we were only too glad to give the Colombians any help of this kind that we could.

5. Dr. Zuleta then turned to the question of the establishment of diplomatic relations between Colombia and Canada. He recalled that, on earlier occasions when this matter had been discussed between our two Governments, we had pointed out that personnel shortages impaired our programme of expansion of diplomatic relations. The Minister said that commerce and other relations between Colombia and

Canada were growing year by year and that he would like very much to be able to have an exchange of diplomatic missions as soon as it could be conveniently arranged.

6. Mr. Pearson said that he had had an opportunity to review the correspondence on this subject. He wished the Minister would not regard our failure to establish diplomatic relations as an indication of coolness on our part toward the Colombians or take it that we regarded as more important our relations with those countries with which we had already established diplomatic relations. Looking back on the pattern, it appeared that the expansion of our relations in Latin America had been somewhat haphazard. Mr. Pearson said that he hoped that it would be possible for us to make arrangements to establish a diplomatic mission in Colombia in the not too direct future.

7. Mr. Zuleta asked if there was some official in the Department with whom he might speak on this subject. Mr. Pearson said that he might speak to Mr. Claxton about the matter and also to the Deputy Under-Secretary, Mr. Reid.

8. In concluding the interview, Mr. Pearson expressed his regrets at being unable to attend the dinner which was being given the Minister at the Country Club that evening. He wished the Minister all success in his negotiations for securing a group of Canadian experts to go down to Colombia.

[A.R. MENZIES]

3^e PARTIE/PART 3

PANAMA

1067.

DEA/1499-A-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 14, 1949

RECOGNITION OF THE PRESENT DE FACTO GOVERNMENT OF PANAMA

On November 19th, a governmental crisis arose with the attempt of the President of Panama, Dr. Manuel Chanis, to remove from office the Chief of Police, Colonel José Remon, on charges of involvement with illegal monopolies. Col. Remon refused to be deposed and issued an ultimatum to the President, demanding his resignation and threatening to occupy the Presidency if he did not agree. When the President refused, Col. Remon ordered the Police to surround the Palace, and the President eventually agreed to resign. The Chief of Police then installed his cousin Roberto Chiari, First Vice-President, as President.

2. On November 22, in accordance with the Constitution of Panama, the National Assembly debated President Chanis' resignation and at first the majority were in

favour of accepting it. Dr. Chanis then came to the Assembly and announced that he still regarded himself as President as his resignation had been obtained under duress, and he now withdrew it. The Assembly accepted his statement and invited him to accompany them to the Presidential Palace, which he did, followed by a large crowd. The Police opened fire and dispersed the crowd before it reached the Palace.

3. When both Drs. Chanis and Chiari issued statements to the effect that they regarded themselves as President of the Republic, the question was referred to the Supreme Court. However, on November 24, when the Court was deciding the matter, Col. Remon announced that, if it should favour Dr. Chanis, he would put Dr. Arnulfo Arias in power. This was generally regarded as a bluff, but when the Court, by four votes to one, decided that Dr. Chanis was the legal President, Col. Remon carried out his threat and, at a special meeting of the National Assembly the same day, Dr. Arias was unanimously confirmed in office.

4. One of Dr. Arias' first acts was to review the result of the 1948 elections in which he had been a candidate, and then announced that the recount of the ballots showed that he had been elected by a large majority. Dr. Arias is a former President of Panama, having held that office in the years 1940 and 1941. At that time he was considered pro-Axis in his sympathies and was deposed by the same Chief of Police who now has placed him in power. He is also known to be anti-American, a reactionary nationalist and a rabble-rouser.

5. On November 25, Mr. Edward Miller, United States Assistant Secretary of State for Inter-American Affairs, announced that Dr. Arias' accession to the Presidency came as a "profound shock" to his Government and that the United States did not recognize him as President. The United Kingdom Government informed us that they were reserving their position with regard to recognition until the situation had become somewhat clarified. We ourselves have to date taken no action which would constitute recognition of Dr. Arias' Government.

6. We have now been informed that the United States has completed its consultations with most of the Latin-American republics and has reached the conclusion that the Arias regime seems fairly well established, is in effective control of the administrative machinery of the state, and has promised to live up to its international obligations and agreements. Accordingly it will recognize Dr. Arias as President as of today and the United Kingdom has taken similar action.

7. In view of the foregoing, I would therefore recommend that we agree to recognize the Arias Government and that, in the absence of direct diplomatic relations between our two countries, this recognition be in the form of implied recognition by acknowledgment of a telegram from the Panamanian Foreign Minister and certain correspondence with the Panamanian Consul General in Montreal.⁴

A.D.P. H[EEENEY]

⁴ Note marginale/Marginal note:
I agree. L.B. P[earson]

4^e PARTIE/PART 4

VENEZUELA

1068.

DEA/3397-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-27

Ottawa, January 6, 1949

CONFIDENTIAL

Your WA-9. January 4.† Venezuela. Since our interests in Latin America are not so great as those of either the United Kingdom or the United States, we would, as a general rule, be prepared to follow their lead in extending recognition to new governments in that area, as in the recent cases of Nicaragua and Peru.

2. On the basis of our present information, the Military Junta now in power in Venezuela appears to have substantial control of the country, is maintaining order, and is prepared to honour international obligations.

3. Although in the present instance the United Kingdom has already extended recognition, we intend to await a lead from the United States. If, however, it appears that the State Department will delay much longer, we will re-examine the question in about a week's time.⁵ As we do not have diplomatic relations with Venezuela, it is expected that, in line with previous practice, recognition will be extended on an informal basis.⁶

4. We have no information on the possible attitude of Brazil.

⁵ On apprit subséquemment que les États-Unis reconnaîtraient le gouvernement du Venezuela le 21 janvier.

Later it was learned that the United States would recognize the Venezuelan government on January 21.

⁶ Ceci devait être accompli par la validation d'un exequatur alors en suspens, pour le vice-consul du Venezuela, à Montréal, mais ce dernier quitta le Canada pour un autre poste. On procéda alors avec son successeur en juillet 1949.

This was supposed to be accomplished by granting an Exequatur which was pending for the Venezuelan Vice Consul in Montreal, but the Vice Consul left Canada for another post. Instead, the procedure was followed with his successor in July 1949.

CHAPITRE XV/CHAPTER XV
OFFICE NATIONAL DU FILM
NATIONAL FILM BOARD

1069.

DEA/2755-40

Note de la direction de l'information
Memorandum by Information Division

[Ottawa], June 17, 1949

ANNEX¹

RELATIONS BETWEEN THE DEPARTMENT OF EXTERNAL AFFAIRS AND THE
NATIONAL FILM BOARD

1. In 1922, the Canadian Government Motion Pictures Bureau was organized as a division of the Department of Trade and Commerce to handle the production and distribution of motion picture films (and later, still pictures), on behalf of the Canadian Government.

2. In 1938, Mr. John Grierson came to Canada, at the invitation of the Government, to make a survey of government film activities. As a result of his survey, the National Film Act was passed on May 2, 1939. On September 2, 1939, the National Film Board was created. The Board consisted of two Cabinet Ministers, three senior civil servants, and three members of the public noted for their interest in and knowledge of films. The Government Film Commissioner, as senior executive officer, is responsible to the Board. The National Film Board itself reports through the Chairman of the Board to Parliament, but is not directly attached to any one department of Government.

3. The relevant sections of the Act concerning the advising of Government departments on the production and distribution of films, both at home and abroad, read as follows:

Section 9. The Commissioner...shall (a) advise upon the making and distribution of national films designed to help Canadians in other parts of Canada to understand the ways of living and problems of Canadians in other parts; (b) co-ordinate national and departmental film activities...; (c) advise as to methods of securing...co-operation in the production, distribution and exhibition of Government films; (d) advise upon and approve production, distribution and exhibition contracts...; (e) advise as to the distribution of Government films in other countries.

It may be doubted whether those who drafted the Act can have foreseen the problem which might arise ten years later; and whether it was their intention that

¹ Cette note fut rattachée à une note au sous-secrétaire, en date du 17 juin 1949.

This memorandum was annexed to a memorandum to the Under-Secretary dated June 17, 1949.

paragraph (e) should be interpreted as conferring on the Film Board the privileged position which it has since assumed.

4. In August 1941, the National Film Board absorbed the Canadian Government Motion Picture Bureau.

5. In the original absence of any effective co-ordination of all Government information activities abroad, and because of the energetic personality of the first Film Commissioner, Mr. John Grierson, the National Film Board early assumed an independent line in the matter of film distribution abroad. There was, in fact, at this time, a very real need to state Canada's case firmly and dramatically abroad, and the production and distribution activities of the Board, though set up on an *ad hoc* basis, were undoubtedly created in response to a genuine demand.

6. One of the Board's outstanding productions was the "World in Action" series. These were, in effect, dramatic visual editorials on international affairs. They achieved a marked degree of success, but it may be stated that, in general, the Film Board hewed its own political line and consulted the Department infrequently.

7. Late in 1941, an event occurred which had a distinct bearing on the atmosphere in which relations between the Department and the Board have since been conducted. In November of that year, the Board completed a timely and prophetic film entitled "War Clouds in the Pacific". The Department was shown the completed film and expressed the view that the attitude which the film took toward the Japanese, with whom we were still at peace, was extremely strong. However, the Board decided to release the film, and within three weeks, the Japanese bombed Pearl Harbor.

These events created a lasting impression among officials of the Board that their thinking on international matters was both timely and accurate, and the Department was thereafter consulted infrequently in respect of productions dealing with international affairs. The Department was in general apt to be faced with a completed film, rather than to be consulted at the script stage.

8. In April 1945, the Board produced a film entitled "Balkan Powder Keg". This completed film was shown to Mr. Pearson, in Washington. He took strong exception to certain statements contained in it, and the film was withdrawn and re-edited under the title "Spotlight on the Balkans".

9. Late in 1947, the Board produced a film entitled "The People Between". Much of the footage was shot at the headquarters of the communist leader Mao-Tse-Tung. The Department objected to certain passages in the completed film, and the Board agreed that the film would be sold commercially to a United States distributor and would not bear the imprimatur of the National Film Board.

10. At the same time, it must be generally conceded that these vivid, dramatic motion pictures did much to gain for Canada a reputation as an outspoken producer of vital documentary films commenting upon the international scene. The extent to which the Board's foreign distribution network later became so successful, was in large measure due to the impact of these films.

11. During 1942 to 1947, the National Film Board opened offices abroad in London, New York, Washington, Chicago, Mexico City, and Sydney, Australia. In

certain of these offices, such as Washington and Mexico City, N.F.B. officers were responsible to the Head of Mission for local discipline, but communicated direct with the Board at Ottawa. In others, such as London and New York, contact with the Canadian Post concerned was intermittent. In Sydney, the operation was almost entirely independent.

12. As a result of these activities, a world-wide distribution network, commercial and non-commercial, theatrical and non-theatrical, was developed. This distribution network enjoyed a considerable measure of success and was later supplemented by the establishment of film libraries at diplomatic and trade posts abroad. It was thus that the Board came to regard the Department's posts abroad as, in some degree, outlets for its own distribution system.

13. Beginning in 1947, however, a series of drastic budget restrictions made it impossible for the Board to carry on these operations in their entirety. The Washington Office was closed; and the Department was asked if it would assume responsibility for the operation of the Sydney Office. This was done, and in the summer of 1948, the Department became responsible for the distribution of all Canadian Government non-commercial films abroad, save in the offices which remained open (i.e. London, New York, Chicago, and Mexico City), and in certain Trade Commissioner posts.

14. This new relationship has in practice involved certain disadvantages. These may be summarized as follows:

(a) The Department has no effective control over the production of films dealing with international matters. Though the Department is consulted from time to time, such consultation is apt to occur late in the day. The Department has frequently been faced with *faits accomplis*. A recent case in point was the shooting script of the proposed "Human Rights Film".

This state of affairs is, to a certain extent, the result of the Board's peculiar financial structure. Approximately two-thirds of its expenditure is budgeted for in the estimates. The remaining one-third is secured by arranging for departments of governments to sponsor (i.e. pay for) films, in the production and distribution of which they may have a special interest. The Department has never entered this sponsorship field. When, in the fall of 1948, the Department suggested the possibility of a film of the North Atlantic Treaty, the Film Board took the position that it had no funds, but that if the Department would put up the money, it would be prepared to produce such a film. (Correspondence attached III.)†

This situation has, of course, no real bearing on the Department's over-riding responsibility to advise on the content of all films dealing with external matters, and indeed, of all films planned for distribution abroad. The practice of sponsorship may, however, serve to explain in part the reason for the stand taken by the Film Board.

(b) Though the Department distributes films through all its posts abroad, it has, up to the present, exercised no control over the type of film offered for distribution. When the distribution takes place through the National Film Board's own offices abroad, the Department is not normally consulted.

There is again a financial aspect to this lack of control. Under the present arrangements, funds for the supply of prints to missions come from the National Film Board's budget. The amount involved this year was \$28,000.

(c) Despite continued efforts on the part of the Department, channels of communication between the National Film Board and posts abroad still remain irregular. Film Board officers have frequently been requested to channel all communications through the Department. They have however continued to write direct, not only to Canadian posts abroad, but to officials of foreign governments both in Ottawa and abroad.

A recent case in point concerns an invitation received through our ambassador in Brussels for the Canadian Government to participate in the second World Festival of Films and Fine Arts, in Brussels. This invitation was communicated to Mr. McLean² who replied direct to the Belgian Government, stating in part: "I can assure you, on behalf of the Canadian Government, that Canada appreciates the contribution to international goodwill which Belgium is making in holding this World Festival of Films and Fine Arts." In this case, the Department received a copy of the letter, but this courtesy has not always been extended. (Correspondence attached IV).†

(d) In Paris and in southern Europe generally, a considerable distribution network had been built up prior to 1948 through the joint efforts of the Department and the Board. Following a visit to France by the Film Board's Director of Distribution, Mr. McLean suggested to the Department in the fall of 1948, that the Film Board should appoint a full-time officer to Paris, to be attached to the embassy. This request was refused by the Under-Secretary on the grounds that it was not desirable to have attached to missions officers who are not responsible to the Department. (Correspondence attached V).†

The Department seconded a female clerk to do this work. She soon resigned, and her place was taken by an equally junior female clerk. It is impossible for an employee of this grade to maintain, much less to expand the distribution of Canadian films to France, Belgium, Luxembourg, Switzerland, Italy, and the French territory in North Africa.

15. Proposals for the solution of these problems are contained in the attached memorandum.†

A. A[NDERSON]

² Ross McLean, commissaire à la cinématographie jusqu'en février 1950.
Ross McLean, Film Commissioner until February 1950.

1070.

DEA/2755-40

Note pour le sous-secrétaire d'État aux Affaires extérieures
Memorandum to Under-Secretary of State for External Affairs

[Ottawa], August 2, 1949

The Department's relations with the National Film Board, which have been difficult ever since we began to take a direct interest in the distribution of Government films abroad, have now reached a state bordering on that of conflict, characterized by a lack of essential co-operation. Over the past three months, a number of disagreeable incidents have illustrated this.

2. In the recent matter of European film festivals, for example, no advice was sought from us on the film entries to be submitted, despite the Department's requests of March 3 and June 18 for consultation. Once the films had been shipped, we learned through a routine notice that among the Canadian Government entries were two very doubtful productions: DRUG ADDICT, a film which has created serious difficulties with the United States, and THE PEOPLE BETWEEN which the Department has never approved. Enquiries by the Information Division into the matter led to a violent and threatening telephone call received by one of our officers from Mr. McLean, in which these enquiries were termed "intolerable interference in National Film Board affairs." Moreover, in connection with the festivals, the Film Board took upon itself to reply "on behalf of the Canadian Government" to invitations properly addressed through the Department.

3. You may recall also Mr. McLean's letter to you, in reply to our objections concerning the proposed "Human Rights Film", the tone and text of which clearly show that the Film Board does not regard itself as subject to direction in respect of Canadian information.

4. The Film Board's rejection of the Department's primary responsibility in this field, is based on Section 9 (g) of the National Film Act, which states the Commissioner "shall *advise* as to the distribution of Government films abroad". This attitude is strengthened by several years of unquestioned operations in the foreign field, and facilitated by the fact that all film handling is done at the Board and all films are supplied from the Film Board's budget.

5. It might be noted here that the National Film Act is not explicit on the subject of foreign distribution. This is understandable since neither the author, nor the legislator, could have intended to regulate in detail, in 1939, conditions which they could not foresee. These conditions, as you know, are an outgrowth of information activities undertaken by the Allies in World War II, and pursued thereafter with peace time objectives under the direction of their respective foreign affairs departments.

6. The Department's position is based, generally, on Order in Council P.C. 472 of February 5, 1947, authorizing the Department of External Affairs to "do such actions and things as may be considered necessary for distributing abroad information concerning Canada...". Specifically, it is also based on the following policy statements:

(1) Statement by Mr. Wrong in a memorandum to Mr. MacDermot, dated March 22, 1946: "The primary responsibility for publicity abroad rests with External Affairs and is not shared with Trade and Commerce, since it is a part of the foreign policy of the Government. Responsibility for action in particular countries derives from the Secretary of State for External Affairs...". This memorandum bears, in Mr. N. Robertson's handwriting, the marginal comment: "I agree entirely".

(2) Statement by Mr. Pearson in his letter of August 4th, 1948, to General Vanier: "General agreement has been reached that non-theatrical distribution is the responsibility of the Department of External Affairs..., while theatrical distribution will continue to be the responsibility of the National Film Board."

(3) Marginal comment made by yourself on a memorandum from Information Division, dated March 29th: "It will be as well for us to accept battle soon on the main front, and ram it home that External Affairs, and not the National Film Board, is in charge of policy, i.e. *what* films are to be given non-theatrical distribution (and perhaps commercial as well) abroad, and where."

7. It is evident by now that the sense of conflict which exists between the Board and the Department derives, not from a disagreement on material organization that a meeting of officers must discuss and eliminate, but from a basic policy disagreement on the subject of responsibility for Canadian information abroad.

8. Under the circumstances, there appears to be no possibility for the Department to discharge its responsibility for Canadian information abroad in respect of films, until the Film Commissioner fully recognizes this responsibility in practice, or until the Department's over-riding control is confirmed at higher level.

9. In order to bring to an end this unsatisfactory situation, I suggest that a meeting be arranged between yourself and Mr. McLean, for the purpose of acquainting him with the Department's views on information abroad, including film distribution.³

10. Should the Film Commissioner agree to recognize in practice the Department's over-riding authority in the foreign film field, he might then be acquainted with the steps which we think it desirable for the Department to take in order to ensure, in future, its control of information through the medium of films. I am attaching a draft agenda† in which these steps are defined. A subsequent meeting of officers of the Department and the Board might iron out details in respect of staff requirements, disposition of material and planning of distribution which are involved.

11. Should the Film Commissioner withhold his agreement, I believe that further discussion of this problem with him would be useless, and I suggest that the Minister might be requested to take up the matter with Mr. Winters⁴ and place the Department's views before him.

³ Note marginale/Marginal note:

Mr. Mayrand Mr. Anderson I w[ould] be glad to meet with you, McLean and other rep[resentative] of the NFB as a first step to see whether a basis of agreement is possible. Next week—Thurs. at 3 pm? Aug. 30 A H[eeney]

⁴ Robert Winters, ministre de la reconstruction et de l'approvisionnement, responsable de l'Office national du film.

Robert Winters, Minister of Reconstruction and Supply, responsible for the National Film Board.

Also attached for reference purposes are the following:

- (1) Notes on Mr. McLean's remarks concerning some of the points I mentioned in our interview of June 27th.†
- (2) Documents relating to recent difficulties we experienced in connection with Canada's participation in European film festivals.†
- (3) Copy of P.C. 472, of February 5, 1947.†

1071.

DEA/2755-40

Extrait du procès-verbal de la réunion

Extract from Minutes of Meeting

[Ottawa], October 4, 1949

REPORT OF A MEETING BETWEEN REPRESENTATIVES OF THE NATIONAL FILM BOARD
AND THE DEPARTMENT OF EXTERNAL AFFAIRS

After an exchange of courtesies, Mr. Anderson opened the meeting by stating that the Department had read with the greatest interest and care the brief submitted by the National Film Board (attached with comments by Mr. Bellemare).† He felt that the document made a friendly and intelligent appraisal of the situation and opened the way for progress at the working level. At the same time, since he was representing the Under-Secretary at this meeting, he thought it proper at the outset to restate Mr. Heeney's basic position.⁵ This could be defined as follows: the conduct of Canada's external relations is the responsibility of the Department of External Affairs; Canadian information abroad in all its aspects is an integral part of the conduct of Canada's external relations; therefore the Department must exercise control over the distribution of Canadian films abroad.

2. Mr. McLean in reply stated that, while he was prepared to accept collaboration and co-ordination, he was not prepared to accept direction or control. He stated that he had a definite obligation under the National Film Act of 1939, which he must discharge. He read out the relevant section of the Act, which runs as follows:

14. "(1) There shall be a Central Government Film Distribution Service.
- (2) The Director of the Bureau shall be the Director of the Central Government Film Distribution Service and he shall, subject to the other provisions of this Act governing distribution, take all possible steps to secure quality, economy and efficiency in the operation and development of such service.
- (3) All Government films shall be distributed by the Central Government Film Distribution Service, except in cases of commercial or specialized departmental distribution approved by the Commissioner, and the Bureau shall serve as repository for the storage and preservation of all Government film negatives and shall

⁵ Heeney avait déclaré son point de vue lors d'une réunion dans son bureau avec les officiers de l'Office national du film, le 7 septembre 1949.
Heeney had stated this position at a meeting in his office with officers of the National Film Board on September 7, 1949.

be responsible for the disposition of all Government films other than those for which specialized departmental distribution has been authorized."

3. After reading this excerpt from the Act, Mr. McLean stated that if the Department wished to control the distribution of films abroad, the Act would have to be amended and his only course would be to take the matter up with his Minister.

4. Since it was evident that nothing could be gained by pursuing the discussion along these lines, it was agreed by both parties to put aside the question of control and to confine the discussion to a consideration of ways in which collaboration might perhaps be more closely effected. The discussion was to some extent irrelevant, since in the absence of a decision on control, it was conducted in a vacuum. However, one proposal emerged which seemed to suggest a partial solution of the problem, viz: that an Advisory Committee be established.

5. It was suggested that this Advisory Committee be composed of representatives of the Department and the Film Board, with the Department ensured of "an adequate voice". It was suggested that the Department should name two members to the Committee and the Film Board from two to four as might seem appropriate, having regard to the fact that voting on disputed issues would not be by numbers but by Departments.

6. Mr. Anderson asked whether, in that event, the Department would have the determining voice as to whether a certain film should be distributed abroad. To this Mr. McLean replied that he could not permit himself to be directed by such a committee, but that should a dispute arise, it would be "referred upward"; the views of the Department would be taken into consideration and, if Mr. McLean felt that the Department's view was mistaken, it would be a matter for discussion between himself and the Under-Secretary. He did not think, however, that such disputes would be likely to occur very often.

7. It was then suggested that the Advisory Committee might discharge the following functions:

(a) to screen completed films and, if desirable, recommend the withholding or altering of a film before international distribution took place.

(b) in the light of information on forthcoming productions for the domestic field, to make suggestions which might improve films for international distribution.

(c) to advise on the distribution of films to the various post libraries of the Department.

(d) to make recommendations for the production of foreign versions of NFB films.

(e) to contribute suggestions in conformity with policies of the Department.

8. In respect of distribution abroad, Mr. McLean felt that the Film Board should appoint its own international distribution officers to Paris, Bombay and Sydney (including Indonesia and Malaya), as well as maintain its present officers in London, New York, Chicago and Mexico City. Such officers would be directly responsible in matters of local discipline to the Head of Post but would be paid by NFB and would communicate direct with NFB on all film matters, sending copies to the Department. Some doubt was expressed by Mr. [G.C.] McInnes as to

whether such an arrangement would be workable. In reply Mr. McLean stated that it had worked effectively in London and Mexico City and that he felt it could work in the other countries mentioned. The alternative would be for the Department to appoint its own film officers, a proposal which Mr. McLean seemed to regard as unnecessary and perhaps wasteful.

9. Mr. McLean welcomed the proposal that the Department should set up a prints budget to add to that of NFB, but felt it would be more appropriate for the Department to support a request by the Film Board for additional monies. In any case he felt that the budget should be administered by NFB.

10. At the conclusion of the meeting Mr. Anderson again recapitulated the Department's basic position, pointing out that while the discussion had been friendly, informative and, he thought, helpful, the question of control still remained unresolved.

Observations

1. While the atmosphere of the discussion was friendly, it was quite evident that Mr. McLean would resist any attempt at control in the sense discussed in para 1 above. It is perhaps worth noting that sections 14 (1, 2, 3) of the National Film Act read by Mr. McLean refer, by implication, to domestic distribution, since section 9 (g) deals specifically with distribution abroad, and since the general intent of the Act, as stated in section 9 (a), is to enable the Film Board to produce and distribute "national films designed to help Canadians in all parts of Canada to understand the ways of living and problems of Canadians in other parts." Under section 15 the Governor in Council is empowered to "make such regulations as may be necessary for carrying out the intent of this act". It may be doubted if in 1939 international distribution was regarded as more than a remote contingency.

2. The proposed Advisory Committee, while it would establish closer day-to-day working relations than now exist, would not, it seems to us, meet the Department's requirements unless the Department had a controlling voice. The proposal that disputes should be referred to the Under-Secretary on the one hand and the Film Commissioner on the other seems to us to equate the Department's responsibility for the conduct of Canada's foreign relations with the Film Board's responsibility to produce and distribute films, whereas in fact, the latter should be regarded as a segment of the former.

3. If the Department wishes to control the distribution of films abroad, such a Committee could fill a useful function at the working level, provided such control were secured by amending the National Film Act.

4. The proposal that the Film Board establish international distribution officers in the various cities mentioned above, seems to us merely to perpetuate a situation which has already caused a good deal of confusion by reason of divided authority. On the other hand, if the Department wishes to control film distribution abroad, the necessity for the appointment of such officers by the Department must be faced.

5. The proposed prints budget could only be effectively administered by the Film Board, if the Department had control of policy.

6. The general position may be summed as follows: If the Department regards the distribution of films abroad as its responsibility and subject to its control, this can only be achieved by a discussion at the highest level with regard to an amendment of the National Film Act and the implementation of the programme suggested in the attached "Draft Agenda".†

7. An alternative proposal, which was *not* discussed at the meeting, but which is perhaps worth consideration, would be an amendment to the National Film Act transferring to the Department, the international distribution section of the National Film Board together with its staff and appropriation. This latter plan has definite advantages:

(i) It would bring international distribution under the control of the Department beyond all peradventure;

(ii) It would provide the Department with personnel who, after suitable training within the Department, could go abroad as films officers.

(iii) It would centralize, under one Department, personnel, budget, equipment, administration and policy.

(iv) It would enable Canada to conform to a pattern of international distribution already practised by the United Kingdom, the United States and France, and, which in their case, has proved to be the most effective.

8. This plan would involve the Department (though not the Government as a whole) in an additional expenditure of approximately \$150,000 per annum: \$90,000 for prints and \$60,000 for salaries, equipment, repairs, replacements and services.

9. In our estimation the adoption of one or other of these plans is the only way in which real control of film distribution abroad can be obtained for the Department.

10. It is perhaps worth noting that the present situation in the main libraries in Paris and Sydney—our two largest operations abroad—is such as to threaten the success of our entire film programme; and that, in our opinion, it can be resolved only by the adoption of one or other of these plans.

1072.

DEA/2755-40

*Note de la direction d'information
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Information Division
to Under-Secretary of State for External Affairs*

[Ottawa], October 24, 1949

I attach for your information a report of a meeting between representatives of the National Film Board and of the Department of External Affairs, held in the Film Commissioner's office, on October 4, together with observations on the discussion which took place.

2. I also attach (a) a brief submitted by the National Film Board to the Department in reply to our "Draft Agenda" for a meeting;† (b) our "Draft Agenda" which,

as you may recall, was handed to the Film Commissioner by Mr. Mayrand on the occasion of the meeting in your office on September 12;† (c) a copy of the National Film Act.†

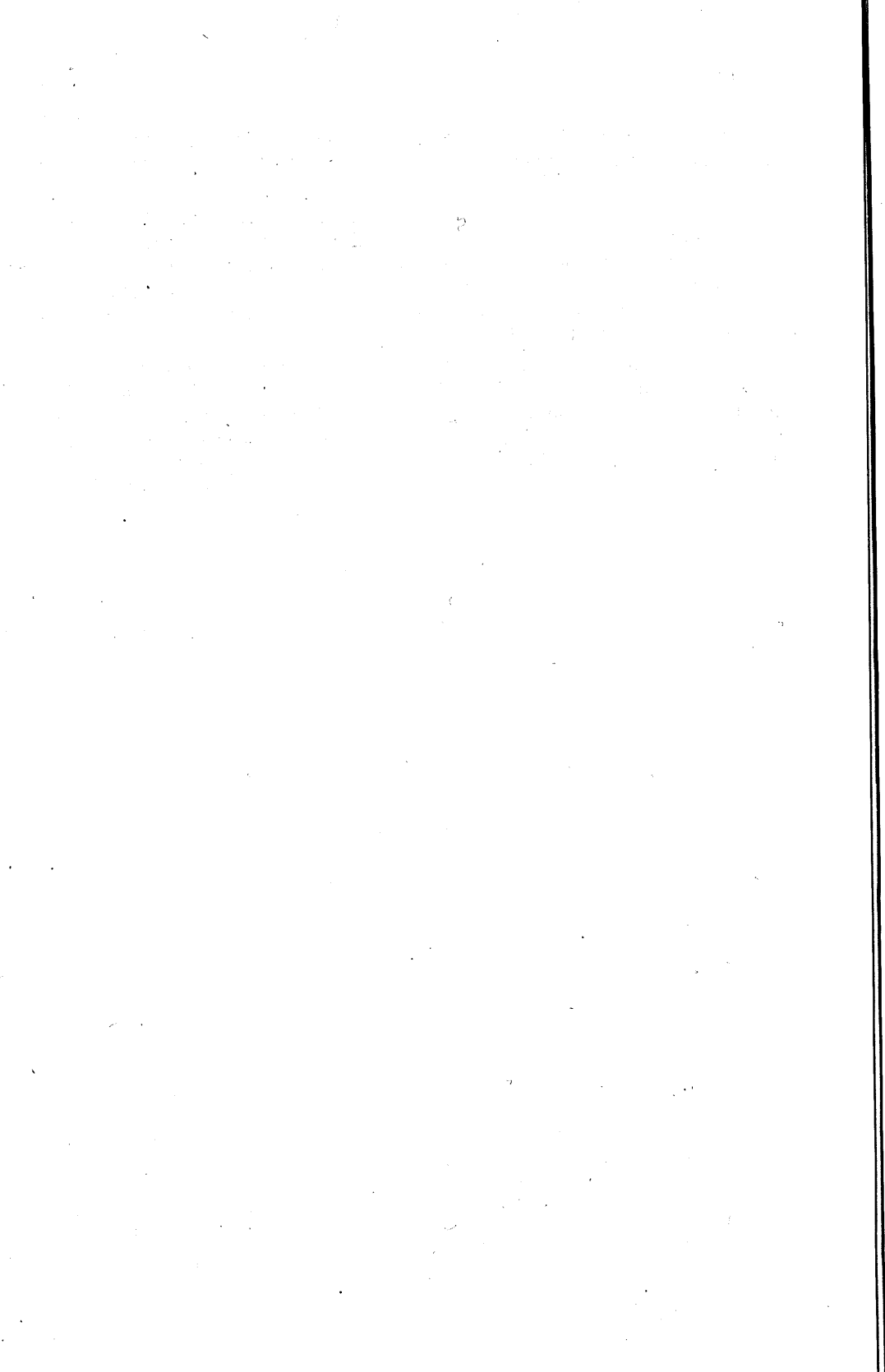
I have not attempted to make any short summary of these observations since I think you are likely to wish to read them in full. Paragraphs 2 and 3 will give you the essential fact that Mr. McLean has formally stated that he is not prepared to accept direction or control. Again, on page 5, in paragraphs 6 and 7 of the observations, we state our opinion that it looks as though we shall have to consider discussing an amendment to the National Film Act.

At our meeting, after Mr. McLean had stated his position, and I had reserved ours, we went into a general discussion which produced some interesting points covered in the attached observations. It was made clear, however, beyond any possibility of doubt, that these discussions were pure theory, since we had not retreated in any way from the position which you took at the first meeting.⁶

ALLAN ANDERSON

⁶ Note marginale/Marginal note:

Mr. Anderson. Thank you. Interesting as further evidence of NFB's determination to destroy itself. I sh[oul]d like to meet with you & Mr. McInnes & if possible Mayrand to discuss our next move. We must decide whether to try half measures or ask for Cabinet direction or even amend[ments] of NFB Act. Pl[ease] call me or phone. Oct. 29 A. H[eeney]



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